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(15085)

FURTHER CORRESPONDENCE

RESPECTING

MOROCCO

PART 74

JANUARY TO DECEMBER 1936

413/85
RECORD OFFICE, LONDON

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Further Correspondence respecting Morocco.

PART 74.—JANUARY TO DECEMBER 1936.

[W 721/20/28] No. 1.

Consul-General Bullard to Mr. Eden.—(Received January 24.)

(No. 6 E.)

Sir, *Rabat, January* 14, 1936.

I HAVE the honour to report that, whereas, as I stated in my despatch No. 3 E., dated the 9th January, the Resident-General omitted the usual address to the French community at his reception on New Year's day, he made a long speech to the Moroccan officials and notables who attended a later reception. This speech, which may be read as a counterblast to the proposals of the Comité d'Action marocaine, on which I reported in my despatch No. 42, dated the 12th March, 1935, is a detailed statement of what has been and is being done under French auspices for the native population, and as this material is not to be found in such detail elsewhere I have thought the speech worth reporting rather fully. A summary(1) is attached.

2. There is no doubt that the native population are suffering great hardship. To the world crisis is added the local crisis which is due to the too-rapid development of Morocco at its own expense, and to this is added the distress resulting from the very poor crops of 1935. Many complaints based on economic distress must have reached M. Ponsot's ears, and his speech was presumably meant as a reply to them as well as to the political complaints which have always been levelled at the Administration.

3. In the course of the speech, M. Ponsot deals with a number of questions, among them three which have been the subject of much criticism: the number of French officials, native education and colonisation. He reminds his hearers of the large reductions in numbers and pay which the French officials have suffered, and claims that Moroccan officials have received more tender treatment. He claims credit for France for not having left the settlement of colonists to the free play of supply and demand and for having established a form of guardianship which defends the rights of the collective native owners of the soil. It is doubtful whether this will be found fully convincing by Moroccans. The French "colons" may not be so favourably treated as Genseric's military chieftains, who enjoyed their "sortes Vandalorum" tax free while the native landowners supported the whole burden of the State; but when the amount of money spent upon European colonisation is compared with the sums which M. Ponsot now claims to have been spent upon the native cultivators, who are so many times more numerous, the advantage the Frenchman has over his Moroccan neighbour is still great. In the matter of education, M. Ponsot does not mention the main grievance, viz., the striking discrepancy between the expenditure on native education and the sums spent on educating the children of the small European population.

4. It is curious that while the speech gives a long list of positive benefits conferred by the French occupation, it does not mention the taxes by which those benefits are paid for, and one would like to know whether it is because this is

(1) Not printed.

the ground of the most general and most severe complaints that M. Ponsot thought better not to touch upon it. The prospect of an asylum for old-age offers little attraction to people who fear that they will be dead of starvation before reaching the qualifying age. Measures which reduce the financial burdens of various sections of the population have been introduced during the last year or two, and they call for mention in this connexion, though my information is not sufficient to warrant any account of their effect. Rents have been reduced by 10 per cent., a similar reduction has been made in the interest on mortgages, and the legal rate of interest on loans has been cut down. In agriculture the following reductions have been made:—

	1934. *Fr.*	*1935.* *Fr.*
Tertib on vines, per hectare	100	65
Tertib on olive trees, each	0·50	0·40
Zakat on animals:—		
Pigs, each	3	2·50
Goats, each	1·25	1·15

In some towns the taxes, which are levied by the addition of tenths to the *patente* and the *taxe urbaine*, have been reduced slightly, and there have been small adjustments in certain gate taxes. But the principal taxes are unaltered. The taxes on sugar still represent half the retail price, while the market taxes which are levied on everything brought into the markets for sale, in spite of reductions effected during the last two or three years in belated recognition of the fall in prices, are still ferociously high. In the towns the charges levied on house-owners as their share of the cost of paving the streets and providing sewers are very heavy. This work is done on a lavish scale, especially in such places as Marrakesh, where it is hoped to establish profitable tourist centres. I have been informed on unimpeachable authority that some natives of Marrakesh have been obliged to sell their houses in order to meet the charges for the laying down of sewers for their assumed benefit, and it would not be surprising if some of them were saying, in effect, that it is not worth while making Marrakesh a home fit for British ex-Cabinet Ministers to live in if life is thereby to be made intolerable for its ordinary inhabitants.

I have, &c.
R. W. BULLARD.

Copies of this despatch are being sent to the Department of Overseas Trade, to His Majesty's Ambassador in Paris, and to His Majesty's consul-general at Tangier.

R. W. B.

[W 722/20/28] No. 2.

Consul-General Bullard to Mr. Eden.—(*Received January* 24.)

(No. 8.)

Sir, *Rabat, January* 17, 1936.

IN my despatch No. 3 E., which I had the honour to address to you on the 9th January, I referred to the dispute which had arisen between M. Ponsot and the Conseil du Gouvernement, an advisory body composed of Frenchmen divided into three "colleges" representing respectively agriculture, commerce and other interests. I notice that I have described the Committee of Co-ordination as having failed to effect a breach between M. Ponsot and the Quai d'Orsay, but it would be more correct if "Residency-General" were substituted for "M. Ponsot." Even if the economic policy which the Residency has been following had not been worked out in co-operation with Paris, it would be impossible for the French Foreign Secretary to abandon his representative in Morocco at the request of a small minority of the population, and M. Laval could not do otherwise than refer the minority back to the Residency and urge them to co-operate with him in the public interest. Nevertheless, it does not follow that the dispute has not injured M. Ponsot's reputation. On the 3rd January the Paris correspondent of the *Times* stated that M. Peyrouton, the Resident-General

for Tunisia, would shortly succeed M. Ponsot. There is no confirmation of this report here, but rumours to that effect have been current for some time, and rumours that M. Ponsot was, in any case, to be recalled have been going about for much longer. Local European opinion is probably well illustrated by the action of the two leading newspapers in the French Zone which, when publishing an account of an enthusiastic dinner given to M. Peyrouton by residents in Tunisia, who begged him not to leave them, placed the paragraph close to their reports of the growing breach between M. Ponsot and French residents here.

2. It must be admitted in M. Ponsot's favour that he has had an ungrateful task. He arrived when world prices for agricultural produce had fallen and were still falling, when France was ceasing to need Moroccan wheat, and when the burden of interest on the loans contracted for the development of the French Zone had outstripped the country's capacity to pay. Moreover, some of the grievances put forward are highly unreasonable. One of the most violent is that of the French wine-growers, who for years disregarded official warnings and continued to plant more vines and now expect the Resident to force France to assist in some way or other in the disposal of the surplus. Then one is entitled to suspect that the indignation in respect of the dahir which replaces the motor vehicle tax by an increase in the tax on petrol, though nominally based on the alleged failure to consult the "colleges," is due largely to the fact that the petrol tax cannot be evaded, whereas many hundreds of settlers did evade the tax on motor vehicles. Nevertheless, it is generally believed that M. Ponsot might have been less unpopular if he had treated people more tactfully. Just as he infuriates his staff by keeping them long after hours through lack of the imagination required for a more reasonable organisation of his work, so it is asserted on all hands that not only has he never gone out of his way, as his great predecessor, Marshal Lyautey, did, to win the sympathy of the French population, but he has inflicted needless slights upon them. It would be difficult for a foreigner to decide where the balance of blame lies, but the fact remains that the dispute has not been settled. M. Ponsot published a long, reasoned defence of his actions, with proposals for changes in the procedure of consultation, but the dissidents refuse to accept either the defence or the proposals as adequate, and, unless some unforeseen improvement in relations is brought about, the Residency will have to go on without the co-operation of the Conseil du Gouvernement. M. Ponsot would probably say in private that its co-operation was never anything but a drag upon the Administration, but its withdrawal in this way cannot fail to weaken his personal position.

3. One ground of complaint against M. Ponsot is that he neglects administrative affairs. He certainly works, though more erratically than he perhaps realises, at any rate very hard, yet heads of departments complain of great difficulty in getting decisions out of him even on the most urgent questions. He is accused of neglecting his obvious duties in Morocco to engage in the hopeless task of trying to secure the revision of treaty provisions which prevent Morocco from altering the customs dues. Not only was the attempt bound to fail, say the critics, but its success would have been disastrous for Morocco. These critics are not disinterested; they want to retain the protected French market while continuing to buy where the cheapest goods are to be found; but the criticism is approved by very large numbers of people in this country.

4. M. Ponsot's attitude towards the privileged position which His Majesty's Government have in Morocco is well known to the Foreign Office. It can best be described in the words of M. Rageot, of the Cabinet diplomatique, who complains that he is expected to interpret in a new way treaties which have had an accepted interpretation for thirty years. According to M. Rageot, not only are controversial questions such as expropriation and the appointment of semsars met either with prolonged refusal to reply or with furious outbursts of temper, but anything British tends to arouse hostility. Thus I learn that at first M. Ponsot regarded as unprecedented and highly unwelcome the recent visit of Admiral Meyrick to Casablanca in H.M.S. *Orion*, though he afterwards entertained the admiral and two other officers to lunch and took them on a tour of the sights during hours which in theory he always devotes to work. Again, a request on behalf of Major Powell-Cotton, supported by the British Museum and the Foreign Office, for facilities for an expedition for the purpose of collecting natural history specimens produced an outburst of anger based on the suspicion that the project concealed some sinister purpose. Indeed, I should hardly be

surprised to find that M. Ponsot shared the view of the French newspaper which saw in the presence of Mr. Lloyd George, Mr. Winston Churchill and Lord Rothermere at Marrakesh at the same time a dark conspiracy against the welfare and security of Morocco and France. In part, this hostility to British rights probably rests on a passion which M. Ponsot has for making changes. He is always uprooting trees, moving furniture about, or changing protocols which have remained unchallenged for years. But whatever the cause, the hostility results in delay, if not in injury to our interests, and we should have no reason to regret M. Ponsot's departure. A Resident-General who was less hostile than M. Ponsot, but had the courage to formulate them more openly and the energy to do it quickly, could be met on his own ground.

5. Perhaps one of the most unfortunate results of the Ponsot policy is that M. Rageot, whose admirable personal qualities, combined with his thirty years' experience of this country, have facilitated the work of a long succession of British consular officers, has gone on leave to ask for a transfer away from an impossible situation, while his chief, who, while less well informed and a man of no strength of character, at least sees our point of view, is only waiting for promotion to get away also.

6. A copy of this despatch is being sent to His Majesty's consul-general at Tangier.

I have, &c.
R. W. BULLARD.

[W 726/726/28] No. 3.

Mr. Gye to Mr. Eden.—(*Received January* 24.)

(No. 13.)

Sir, *Tangier, January* 16, 1936.

I HAVE the honour to transmit herewith my annual report on the heads of foreign missions at Tangier.

I have, &c.
ERNEST F. GYE.

Enclosure in No. 3.

Report on Heads of Foreign Missions at Tangier.

* Reprinted from previous reports.
† Reprinted with emendations or additions.

**United States of America:* Hon. Maxwell Blake, Diplomatic Agent and consul-general.

MR. BLAKE has been here since 1915, with the exception of the period between 1922 and 1925, which he spent in Albania and Australia. Owing to the fact that the United States have not adhered to the Tangier Statute, Mr. Blake holds himself aloof from the majority of the affairs which interest his colleagues. He clings tenaciously to every letter of the Act of Algeciras, and one pictures him as holding solemn meetings of the Conseil sanitaire, of which he is now the sole member, while the rest of us are sitting on the Committee of Control.

Though somewhat difficult to deal with, both Mr. Dicken and I have found that, if tactfully approached, he is always ready to discuss matters in which he or his nationals may be affected in a reasonable manner, and it must be admitted that he has placed no unnecessary obstacles in the way of the smooth working of the statute.

He is a man of considerable artistic taste, and has shown great skill in doing up the Legation buildings in the old town, which have for him a sentimental interest, as being the first house acquired by the United States Government for the accommodation of their representatives abroad. It seems, however, doubtful

whether his successor, who will probably prefer to live in a more modern quarter, will appreciate the money which has been spent upon the reconstruction of the house.

He is married to a lady of Gibraltarian origin. (Rewritten in 1931.)

†*Belgium:* Prince Reginald de Croy, consul-general, with personal rank of Minister Plenipotentiary, since December 1931.

Prince de Croy was counsellor of the Belgian Embassy in London for several years before coming here, and was, I believe, very popular there. He is a most agreeable colleague and, although not brilliantly clever, has sound views on most questions. Unlike his predecessor, he is independent of French influence, and is, indeed, rather anti-French in his inclinations. He acted as president of the Committee of Control during the year following his arrival, and exercised the duties of the office with tact and discretion.

Princess de Croy was a Ligne, and both she and her husband speak excellent English and are very socially inclined.

Prince Reginald and his wife, after having spent their first year in Tangier at a hotel, have succeeded in finding a home and are considerably happier. They are both very popular and in every way delightful and friendly colleagues.

Prince Reginald, having relinquished the presidency of the Committee of Control at the end of 1932, has not taken a very active part in the work of the committee since my arrival at the end of April 1933, but he can be depended upon to back his views with vigour if he thinks the position under the treaties is being threatened.

It became known towards the end of the year that Prince Reginald was being moved to Stockholm, and to everyone's regret he left early this month (January 1936). It is not yet known who will succeed him.

†*France:* M. Xavier de Laforcade, consul-general since July 1934, with personal rank of Minister Plenipotentiary.

M. de Laforcade has held a post of Inspector of Diplomatic and Consular Posts, and has seen service in the Levant and also China. He is married to an Englishwoman from Constantinople.

M. de Laforcade has certainly not many of the brilliant qualities which distinguished his predecessor, and he depends entirely, so it seems, on what he is told at Rabat.

Neither he nor his wife like Tangier, and I understand that they have difficulties with their colony, of which 50 per cent. are freemasons.

**Holland:* M. F. Gerth van Wijk; consul-general since January 1925.

M. van Wijk was previously consul at Moscow, Petrograd and Zurich. He is a sound and friendly colleague and, though never assuming a prominent part in discussions, can be relied upon to take a reasonable and unprejudiced view of matters dealt with by the Committee of Control. He was given the Legion of Honour in 1927, on the recommendation of the French consul-general, ostensibly for his services on the Port Commission, on which he served until 1934 as representative of the Committee of Control.

He is married to a lady of Italian origin, and both he and his wife speak excellent English, as well as several other languages.

They are pleasant and popular with everyone, but I must confess that I do not find them particularly interesting.

Italy: M. Pierfilippo de Rossi del Lion Nero, consul-general since September 1935, with personal rank of Minister Plenipotentiary.

M. Pelligrino Ghigi was transferred to Cairo in the summer, and was succeeded by M. de Rossi del Lion Nero. He was Italian Minister at Athens before he came here, and it is rumoured that he became involved in the Veniselos revolt and had to be moved. In any case, he is loud in his complaints of Tangier and Morocco generally, as compared with the delights of Athens and yachting in the Greek islands.

He is married to a French woman from Marseilles.

**Portugal:* M. Gastao Barjona de Freitas, consul-general since 1930.

M. Barjona came here as consul-general in 1928. He was transferred to Paris at the end of 1929, in the same capacity, but returned to Tangier at the end of 1930, much to his satisfaction. He was for some time consul at Cardiff.

M. Barjona has suffered considerable ill-health during the year, but he was, none the less, able to indulge in a great deal of fussy inefficiency as president of the Cape Spartel Commission. His English is excellent, but it is often difficult to guess what he is talking about.

His American wife, who is never without a cigarette and a minute lap-dog, plays bridge. (Written in 1934.)

†*Spain:* M. José Rojas y Moreno, consul-general, with personal rank of Minister Plenipotentiary, since August 1934.

M. Rojas y Moreno was in Montreal before he came here, and speaks English and French fluently.

He is a great talker, and the meetings of the Committee of Control are of almost unbearable tediousness, as no subject of discussion is too trivial for him to drag in "the honour of Spain."

He is married, and has various children.

Brazil, Denmark, Finland, Norway and *Sweden* are represented by trading consuls.

[**W 1238/20/28**] No. 4.

Consul-General Bullard to Mr. Eden.—(*Received February* 11.)

(No. 20 E.)

Sir, *Rabat, February* 7, 1936.

I HAVE the honour to transmit herewith a statement showing the trade between the French Zone of Morocco and the most important supplying and purchasing countries during the years 1933, 1934 and 1935. The figures for 1935 are provisional, but probably differ very little from the final figures which will appear later in the year. It will be seen that the United Kingdom exported to Morocco goods to the value of 49,028,000 fr. as against 58,954,000 fr. in 1934. On the other hand the United Kingdom is becoming a better customer for Moroccan exports, having increased her purchases from 20,100,000 fr. in 1933 and 23,884,000 fr. in 1934 to 30,843,000 fr. in 1935.

2. The totals published are as follows:—

	1935.	Comparison with 1934.
	Fr.	Fr.
Total imports	1,138,160,000	−180,545,000
Total exports	627,269,000	− 40,126,000

Although the balance of trade is still seriously unfavourable, it is improving steadily:—

	Deficit (Exports minus Imports).	Proportion of Exports to Imports.
	Fr.	Percentage.
1932	1,100,000,000	38·3
1933	932,185,000	39·1
1934	652,310,000	50·5
1935	510,891,000	55

3. Japan retains the second place for imports into Morocco, and has even increased her total by nearly 7 million francs, in spite of the fall of 180 million in the total value of imports.

4. France is the chief sufferer from the decrease in imports into Morocco. Whereas the exports from Morocco to France (with Algeria) seem to be stabilising themselves at a little under 350 million, imports from France and Algeria, which had been falling for years, fell again by over 120 million in 1935, *i.e.*, by two-thirds of the total fall in imports into Morocco.

I have, &c.
R. W. BULLARD.

Enclosure in No. 4.

Imports into the French Zone of Morocco.

From—	*1933.*	*1934.*	*1935.*
	(*In thousands of francs.*)		
France and Algeria ...	734,730	576,311	452,534
Japan	65,217	107,385	114,091
China	74,403	73,896	63,091
Belgium	85,780	72,158	70,871
United States of America	70,612	69,952	69,269
United Kingdom ...	94,332	58,954	49,028
Roumania	62,499	58,543	42,797
Italy	55,724	47,263	38,251
Germany	30,810	27,126	16,658
Spain	34,424	26,278	26,351
Holland	28,377	26,555	26,511
U.S.S.R.	29,794	25,445	19,336
Czechoslovakia	15,720	14,132	14,705

Exports from the French Zone of Morocco.

To—	*1933.*	*1934.*	*1935.*
	(*In thousands of francs.*)		
France and Algeria ...	345,093	337,435	348,891
Japan	2,705	2,601	3,036
China	...	3	1
Belgium	8,336	13,181	16,866
United States of America	7,933	6,046	6,961
United Kingdom ...	20,100	23,884	30,843
Roumania	32	378	1,782
Italy	31,625	41,073	50,396
Germany	16,440	54,052	53,080
Spain	43,775	54,504	16,559
Holland	12,775	15,663	14,256
U.S.S.R.	...	11	...
Czechoslovakia	15	163	66

[**W 2518/30/28**] No. 5.

Mr. Gye to Mr. Eden.—(*Received March* 21.)

(No. 30.)

Sir, *Tangier, March* 12, 1936.

WITH reference to my despatch No. 6 of the 2nd January, I have the honour to report that the Tangier budget was approved on the last day of February.

2. In my despatch under reference I explained the reasons which caused the budget to be sent back to the Assembly. That body subsequently sent it up again to the Committee of Control, duly balanced, but further questions were brought up, chief amongst which was the placing on the establishment of certain temporary employees. The budget was, therefore, sent back a second time, and the régime of "douzièmes provisoires," which had been decreed for January, was extended to February.

3. The Assembly met again, in no friendly spirit, and sent up the budget a third time, with certain minor alterations and a long explanatory document, the tone of which was alternately conciliatory and hostile. A conflict was freely predicted, which, curiously enough, lay between the Assembly and the French and Spanish representatives on the Committee of Control, but complications were avoided by a further communication from the Committee of Control, which, while giving way in fact on the principal points, maintained their points in principle.

4. The result was eminently satisfactory, as both sides felt victorious, while the press gave the laurels to the Committee of Control. The points at issue were

unimportant and not worth a conflict, and, generally speaking, I refrained from taking part in this rather petty storm.

5. I cannot refrain from feeling surprised at this somewhat obstructionist attitude, adopted by my Spanish colleague, on the eve of the appointment of a Spanish Administrator.

6. I enclose herewith copies of the declarations made by the French and Spanish consuls-general relative to the continued grant of their subsidies.(1)

I have, &c.
ERNEST F. GYE.

(1) Not printed

[W 3698/30/28] No. 6.

Memorandum communicated by the Spanish Embassy, April 25, 1936.

(Confidential.)
(Translation.)

IN accordance with the provisions of the Tangier Statute renewed last year, the Spanish Government have selected as candidate to perform the duty of Administrator of the Tangier Zone during the second period of the operation of the said Statute, Don Ricardo Begona y Calderón, an officer of the Diplomatic Service who is at present occupying the post of Spanish Chargé d'Affaires at Angora and who has previously filled various consular posts in Morocco, such as vice-consul at Tangier and consul at Casablanca, when he displayed outstanding gifts and a clear perception of the circumstances and problems of Morocco. In view of these facts it is anticipated that this appointment will be agreeable to His Britannic Majesty's Government.

Spanish Embassy, London,
April 25, 1936.

[W 3801/1947/28] No. 7.

Consul-General Bullard to Mr. Eden.—(Received May 1.)

(No. 40.)
Sir, *Rabat, April 14, 1936.*

I HAVE the honour to report that the French authorities have been obliged, for various reasons, to reinforce the measures of security in the French Zone. The reasons are: local and possibly unimportant incidents, the tension in Europe, and unrest in the Spanish Zone.

2. When seeking facilities in February for the forthcoming visit of Mr. Garnett, an English botanist, who was planning an expedition on behalf of the South Kensington Museum, I found that as the result of recent incidents, such as attacks on legionary posts, measures of security had been made more strict in the Tafilalet and Ouarzazat districts, which include the Jebel Sarro and much of the southern side of the Great Atlas, but not the Anti-Atlas. In these areas, I was informed, Mr. Garnett would have to conform to the restrictions, but he could travel under ordinary conditions in the Agadir territory, provided that he did not go south of Tiznit or enter into the territory of the borders of the Dra. Since then an incident has occurred within the area which was considered to be relatively safe, viz., at the military post of Ait Baha, some 40 miles north-east of Tiznit. According to an official communiqué, a band of about 100 tribesmen, stirred up by the fanaticism of a marabout, attacked the post in the hope of securing loot, especially rifles, but were repulsed with the loss of sixteen killed, wounded and prisoners. The General Commanding the Southern Area, whom I saw at Marrakesh a few days ago, described the incident as due entirely to the fanaticism of the marabout, who, with his chief followers, was in the hands of the authorities, and would have "a bad quarter of an hour."

3. There was a report in the *Times* of the 1st April, from its correspondent at Casablanca, regarding measures which the French authorities were reported to have taken in consequence of disturbances in the Spanish Zone. Apart from an exaggeration of the number of demonstrators which could be collected in a

small town like Larache, the report seems to be substantially accurate, though in taking the measures described, viz., reinforcing the troops in the areas defined in the preceding paragraph, and deprecating the transfer of more troops from Morocco to France, the authorities doubtless have in mind not only the effect of the situation in Spain upon the Spanish Zone of Morocco and thence upon the French Zone, but also the effect in Morocco of the Ethiopian and the German questions. It is not to be expected that, in case of serious trouble in Europe, Germany would neglect the possibility of making trouble among the Moslems of North Africa, among whom she already has many sympathisers owing to her attitude to the Jews. It is one of the Moslem grievances against the French, though one which cannot be included in those published by the Moroccan Council of Action, that, since the protectorate was established, the Jews have not only begun to creep out of the ghetto, but to amass fortunes and to flaunt their wealth in the faces of their former masters, the Moslems, in the form of large houses and expensive motor cars.

4. The sympathies of the Moslems of Morocco are believed to be with the Ethiopians and against the Italians, and great interest was taken in war news until it became clear that an Italian victory was assured. The French authorities seem to believe that the defeat of the Ethiopians at the hands of a European Power has had an excellent effect in North Africa in discouraging any tendency there might have been to seize the opportunity offered by the tension in Europe to make trouble for the French. There is no doubt that the French here have been entirely in favour of the Italians throughout the Ethiopian conflict. Their motives have been mainly those of most Frenchmen, the desire to keep Italy at all costs as an ally against Germany, but, in addition, they have in mind the question of public security in French territories overseas. The common French view here seems to be that the colonial Powers ought to keep together at all costs, on the ground that a subversive movement against one is, in fact, prejudicial to them all.

5. In my despatch No. 115, dated the 18th September, 1934, in which I commented on the views expressed by the British Assistant Administrator of Tangier, I said:

> "Short of a strain due to war or of a steep and widespread accentuation, such as is not expected, of the economic crisis, it seems probable that things will move much more slowly than Mr. Dicken thinks."

There will be, we will hope, no war, but the economic depression is at least as severe now as it was in September 1934. There is great distress among the native population, and if the new Resident-General, M. Peyrouton, who is to arrive soon, is as wise as he is reputed to be, one of his first concerns will be to consider the burden of taxation which they have to bear. I do not think any one in this country is prepared to deny that that burden is much too heavy.

I have, &c.
R. W. BULLARD.

[W 3930/30/28] No. 8.

M. de Ayala to Mr. Eden.—(Received May 4.)

(Translation)
Sir, *Spanish Embassy, London, May 2, 1936.*

ON the 25th ultimo I handed to Sir Robert Vansittart, the Permanent Under-Secretary, a confidential memorandum relating to the nomination made by the Spanish Government of their candidate to fill the post of Administrator of the Tangier Zone, and I have now, in accordance with telegraphic instructions received from my Government, the honour to communicate the following to your Excellency:—

1. The Government of the Spanish Republic are firmly confident that His Britannic Majesty's Government, who have shown their concurrence in the contents of the notes exchanged between the Spanish and French Governments on the 13th November last relating to the extension and application of the Tangier Statute, will be disposed to give the support of the British delegate in the Tangier Legislative Assembly to the Spanish candidate for the post of Administrator.

The Spanish Government are specially desirous in this connexion that the elections of new Administrators should take place by unanimous vote, so that they may rely at once and during the course of their term of office on the moral support of all the participating Governments, seeing that the international administration of which they have charge requires close collaboration on the part of all the nations interested.

2. The Spanish Government, on their part, relying on the support of the British Government in the direction indicated above, are pleased to promise the support of the Spanish delegation in favour of the candidate whom the British Government nominate to occupy the post of Assistant Administrator.

3. The Spanish Government consider that the election of the new Administrator can be effected, in accordance with article 35 of the statute in force, for the total period of the prolongation, that is for twelve years.

In view of the fact that the new Administrator must be elected by the Legislative Assembly and that the election has to be approved by the Committee of Control before the 14th instant, it would be extremely opportune if His Britannic Majesty's Government could transmit suitable instructions to their representative at Tangier as speedily as possible.

I have, &c.
AYALA.

[W 3930/30/28] No. 9.

Mr. Eden to M. de Ayala.

Foreign Office, May 7, 1936.

Your Excellency,

WITH reference to your Excellency's note of the 2nd May relating to the nomination by the Spanish Government of a candidate for the post of Administrator of the Tangier Zone, I have the honour to inform you that instructions have already been sent to His Majesty's consul-general at Tangier to act in concert with his French colleague on this matter, and to nominate, on behalf of His Majesty's Government in the United Kingdom, Mr. C. V. Dicken as candidate for the post of Assistant Financial Administrator.

2. As regards the duration of the appointments, His Majesty's Government are of opinion that this question is one which may properly be left for discussion and settlement at Tangier.

I have, &c.
ANTHONY EDEN.

[W 4142/30/28] No. 10.

M. Ayala to Mr. Eden.—(Received May 11.)

(Translation.)

Spanish Embassy, London, May 10, 1936.

Sir,

ACCORDING to telegraphic information which I have just received from the Minister of State, the Spanish Government have been seriously disappointed at the attitude maintained by the British delegates at the Tangier Legislative Assembly in refraining from voting in favour of the Spanish candidate for the post of Administrator of that zone, and in contributing with their votes to the period of duration of the mandate of the new Administrator being reduced to three years, in opposition to the spirit of the international statute in operation and to the precedent established at previous elections.

The British delegates likewise added their votes to those cast against the opinion expressed by the Spanish delegates when it was proposed to fix the date for the final election of the candidates; they advocated a postponement until the month of October, which means prolonging the present situation by six months, whereas the view of the Spanish Government is that the said election should take place within a month and a half, that is to say, on the 15th June next.

The Government of the Spanish Republic cannot but recall at the present instant the assistance rendered and the sympathy shown by His Britannic Majesty's Government on the occasion of the Hispano-French agreement

concluded on the 13th November last. Being confident that the cordial feelings which then inspired the conduct of His Majesty's Government will remain unchanged, my Government direct me to request your Excellency that, in accordance with those pleasing sentiments, instructions may be sent with the utmost urgency to the British representative at Tangier to support the attitude of the Spanish representative at the session which the Comité de Contrôle are to hold the day after to-morrow, the 12th instant.

I have, &c.
AYALA.

[W 4317/1947/28] No. 11.

Consul-General Bullard to Mr. Eden.—(Received May 15.)

(No. 52.)

Rabat, May 6, 1936.

Sir,

IN my despatch No. 40 which I had the honour to address to you on the 14th April I referred to the unrest in the Spanish Zone as one of the considerations which had caused the Protectorate authorities to reinforce the measures of security in the French Zone. A local newspaper, the *Petit Casablancais*, has now published an article entitled: "Look out for the Spanish Zone!" which expresses the uneasiness of the French and sets forth the theory that the Spanish are merely sub-contractors of the French for their part of Morocco. The article is summarised in the following paragraph.

2. Revolutionary propaganda is making rapid progress in the Spanish Zone. The Spaniards want to apply their new principles, the natives hope to find soon the opportunities which they have been awaiting for some years. The Spaniards do not draw a distinction, as the French do, between home and colonial policies—democracy north of the Straits of Gibraltar, authority to the south. It is sometimes said that logic ought to induce Spain merely to abandon the Spanish Zone, but to believe that is to overlook the missionary zeal that all popular movements have. Hitler and Mussolini seek to conquer, not to spread their ideas, and in this they are unlike the leaders of the French and Bolshevik revolutions. So the extreme parties in Spain will be driven to install their revolution in Morocco, happen what may. And they cannot stop there; they must carry out an intense propaganda in the French Zone. Indeed, they are doing so already. French and other European workmen are being stirred up very actively. The Moslems are quiet for the moment, as is wise when a new Resident-General who is reputed to be the enemy of disorder is about to arrive. But it must be remembered that neither France nor Spain is free to do as she likes in Morocco. They have contracted obligations towards the Sultan and towards other Powers. Whatever Government is in power in France, it will keep order in Morocco and will be the surest guarantee of the sovereignty of the Sultan and of the integrity of his territories. The attitude of Spain is quite different; she wishes to give Morocco the right to settle her own fate in some way or other. What becomes of the Sultan's sovereignty in that case? Spain is not free to do as she likes in the matter. The Sultan may forbid her to diminish his prerogatives, or even appeal to France to help him to maintain his rights. It is the duty of France to cause the Sultan's sovereignty to be respected not only in French but in Spanish Morocco, too, and to see that order is maintained there. It is too often forgotten that Spain merely possesses a zone of influence, and that the French Protectorate extends to the whole of the Sherifian Empire. Articles 2 and 3 of the Protectorate Treaty of 1912 read as follows:—

> "*Article* 2.—Sa Majesté le Sultan admet, dès maintenant, que le Gouvernement français procède, après avoir prévenu le Makhzen, aux occupations militaires du territoire marocain qu'il jugerait nécessaires au maintien de l'ordre et de la sécurité des transactions commerciales et à ce qu'il exerce toute action de police sur terre et dans les eaux marocaines."
>
> "*Article* 3.—Le Gouvernement de la République prend l'engagement de prêter un constant appui à Sa Majesté chérifienne contre tout danger qui menacerait sa personne ou son trône ou qui compromettrait la tranquillité de ses États. Le même appui sera prêté à l'héritier du trône et à ses successeurs."

It is a question of a duty, not of a right. It is true that by the Franco-Spanish Treaty of the 26th November, 1912, France recognised that it was for Spain to watch over the security of the Spanish Zone of influence, but the French undertaking towards the Sultan remains intact. Not only may Spain not set up in her zone of influence a form of political organisation (*e.g.*, a soviet) which diminishes the Sultan's prerogatives, but France cannot allow her to do so. Spain has even undertaken not to abandon her zone. Article 5 of the Franco-Spanish Treaty says:—

> "*Article* 5.—L'Espagne s'engage à n'aliéner ni céder sous aucune forme, même à titre temporaire, ses droits dans tout ou partie du territoire composant sa zone d'influence."

Spain is not free. Neither is France. Whatever Government is formed after the French elections, the situation in regard to Morocco will remain unchanged, and any agitator who hopes to take advantage of parliamentary changes to provoke disorders in Morocco had better be careful, or he may repent his rashness.

3. Copy of this despatch is being sent to His Majesty's consul-general at Tangier.

I have, &c.
R. W. BULLARD.

[W 4142/30/28] No. 12.

Mr. Eden to M. Ayala.

Your Excellency, *Foreign Office, May* 19, 1936.

I HAVE the honour to acknowledge the receipt of your Excellency's note of the 10th May, in which you were so good as to inform me of the views of the Spanish Government regarding the proposed arrangements for the appointment of the Administrator and Assistant Administrators in the Tangier Zone.

2. As regards the proposed appointment of the Spanish Administrator, His Majesty's Government in the United Kingdom share the view, which they understand to be held by the Spanish Government, that this appointment, as also that of the Assistant Administrators, might conveniently be made in the first place for a period of six years. His Majesty's Government have also no objection to the elections being held at an earlier date than next October if a decision to this effect can be obtained.

3. Telegraphic instructions have already been issued to His Majesty's consul-general at Tangier informing him of the attitude of His Majesty's Government. As the Spanish Government are no doubt aware, however, His Majesty's Government are not in a position to enforce upon the British delegates in the International Legislative Assembly any particular line of action, although His Majesty's consul-general may inform them of the views held by His Majesty's Government in relation to any matter before the Assembly.

I have, &c.
ANTHONY EDEN.

[W 4982/30/28] No. 13.

Mr. Gye to Mr. Eden.—(Received June 3.)

(No. 15.)
(Telegraphic.) R. *Tangier, June* 3, 1936.

TWO bombs were thrown into an unfinished house on Friday night. No damage was done.

Papers of workmen's union were seized yesterday, two arrests were made.

As a result, general strike among Spaniards was called yesterday afternoon and a crowd amounting to some 2,000 men proceeded to the Spanish consulate-general to demand instant release of men arrested.

Spanish representative had gone off for the day. Crowd invaded the garden and offices of consulate-general and waited for his return, doing meanwhile a good deal of damage.

There was no disorder on public highway.

On Spanish representative's return, he was forced into a car, taken to Spanish procureur, who was threatened with a revolver and made to obtain release of one of the men.

Crowd then dispersed and strike called off.

Trouble is anticipated when Assembly meets this afternoon, but Administration assures me that adequate precautions have been taken.

I understand that Assembly proposes to pass resolution declining to deal with pending laws on election of administrator, labour question, &c., whilst present unrest continues.

[W 5012/30/28] No. 14.

Mr. Gye to Mr. Eden.—(Received June 5.)

(No. 83.)
Sir, *Tangier, May* 29, 1936.

WITH reference to my telegrams Nos. 10 and 13 of the 9th and 13th May, respectively, I have the honour to inform you that the Legislative Assembly have now passed the following resolutions regarding the Administration of Tangier:—

(*a*) Within thirty days of the publication of this text, all nominations for the posts of Administrator and Assistant Administrators must be notified by their respective consulates to the President of the Assembly.

(*b*) Candidates will be appointed within eight days of the expiry of the above-mentioned period.

(*c*) The appointments will be for a period of six years.

2. It will thus be seen that the delegates on the Assembly have proved more amenable to pressure from above than was at one time considered likely, and the only direct result of the action taken by Italy, Portugal, Holland and Belgium as described in my telegram No. 14 of the 15th May has been to hasten the advent of a Spanish Administrator, and to double the proposed term of office. Their attitude was presumably based on a mistaken belief that the French delegates would adopt a defiant attitude, a belief which was in part shared by my French colleague (see my letter to Mr. Seymour of the 18th May).

3. The present position would appear to be that the Spanish Administrator will assume charge, possibly as early as the end of July.

4. In this connexion I feel I must mention a rumour which has gained credence in responsible circles of the Administration to the effect that when the new Spanish Administrator prepares his budget for 1937, next October, an important feature will be drastic salary cuts. The object of this would be to try to eliminate all foreign elements who would not be prepared to accept as low standards as Spaniards.

I have, &c.
ERNEST F. GYE.

[W 6898/62/41] No. 15.

Mr. Gye to Mr. Eden.—(Received July 25.)

(No. 122.)
Sir, *Tangier, July* 23, 1936.

WITH reference to my telegram No. 30 of to-day's date, I have the honour to transmit herewith copies of the notes made by the President of the Committee of Control of his interview with General Franco at Tetuan yesterday, and also the joint telegram drafted at the meeting of the Committee of Control yesterday

afternoon asking our respective Governments to approach the Spanish Government with a view to their ordering their ships not to use the Port of Tangier as a base of operations if our view that the neutrality of the International Zone was thereby being infringed was upheld.

I need scarcely add that my Spanish colleague did not join in our action.

I have, &c.

ERNEST F. GYE.

Enclosure 1 in No. 15.

Notes by the President of the Committee of Control of an Interview with General Franco on July 22.

LE Général Franco m'a déclaré :

1. Qu'il n'avait l'intention de violer, en aucune façon, la neutralité de Tanger ;

2. Qu'il n'accomplira aucune action militaire dans la Zone de Tanger si la Zone de Tanger saura maintenir intacte sa neutralité :

3. Il estime contraire à la neutralité de Tanger que des navires de guerre espagnols se servent du Port de Tanger pour y accomplir des ravitaillements et se mettre à l'abri entre une opération de guerre et une autre ;

4. Qu'il estimait absolument contraire à la neutralité que des navires de guerre espagnols naviguent dans les eaux territoriales de Tanger ou, ancrés dans le port, accomplissent des actions de guerre contre ses aéroplanes qui survolent la zone sans aucune intention hostile et sans avoir accompli aucun acte d'hostilité ;

5. Que ses troupes étaient prêtes, à la frontière, pour intervenir si, comme il en avait été informé, il s'était produit des désordres concertés entre les communistes locaux et les marins espagnols mutins.

J'ai répondu au Général Franco :

1. Que je prenais acte, avec satisfaction, de son intention de s'abstenir de tout acte contraire au caractère neutre de la Zone de Tanger ;

2. Que le Gouvernement de la Zone de Tanger avait fait et fait le possible, dans la limite de ses pouvoirs, pour empêcher que de toute façon le caractère neutre de la Zone de Tanger soit diminué ;

3. Que, à cet effet, en laissant de côté toute question de droit, il n'avait pas manqué de faire toute diligence afin que les navires de guerre espagnols quittent le Port de Tanger et ne s'en servent pas comme base de ravitaillement et comme abri.

4. Que j'ignorais que les navires de guerre espagnols avaient attaqué dans le port et dans les eaux internationales de Tanger ses aéroplanes et que si le fait était arrivé il ne pouvait que les blâmer profondément.

Enclosure 2 in No. 15.

Joint Telegram from the Committee of Control.

LE Comité de Contrôle

Considère que la neutralité permanente stipulée par l'article 3 du statut est une de ses clauses essentielles, si non sa raison d'être ;

Que dans la querelle qui divise le Gouvernement espagnol et le Général Franco qui donne lieu à des actes d'hostilité caractérisés, cette neutralité se trouve exposée à des atteintes graves qui mettent en péril la sécurité et la tranquillité de la Zone de Tanger ;

Il estime que la neutralité permanente, prévue par le statut pour des cas de guerre entre États, doit à plus forte raison être observée en cas d'hostilités de fait entre deux partis adverses appartenant à un même État ;

Que cette neutralité comporte, vis-à-vis de l'un et l'autre des partis en présence, notamment l'exclusion de tout usage du port, du camp d'aviation et généralement du territoire terrestre et maritime de la zone comme base et théâtre d'opérations par lesdits partis.

La zone n'ayant à sa disposition aucun moyen matériel de faire respecter sa neutralité, le Comité de Contrôle a eu recours à son influence morale et a obtenu du chef de la rébellion l'assurance qu'il entend respecter la neutralité de la zone pour autant qu'elle serait respectée par le parti gouvernemental, c'est-à-dire à condition que celui-ci cesse d'utiliser le Port de Tanger comme base d'opérations contre les troupes rebelles.

Il prie les Gouvernements d'obtenir du Gouvernement de Madrid qu'il donne à sa flotte des ordres dans ce sens.

[W 7179/62/41] No. 16.

Mr. Eden to Sir H. Chilton (Madrid).

(No. 361.)

Sir, *Foreign Office, July* 28, 1936.

M. OLIVÁN asked to see me this evening, when, after remarking personally and unofficially that the situation in Spain showed little improvement, he left with me the enclosed *note verbale* with reference to the situation in Tangier. Since neither of us was aware of the communication to which the Ambassador's *note verbale* was a reply, I undertook to have its contents studied in the Foreign Office and to communicate again with his Excellency, if need be, in due course.

I am, &c.

ANTHONY EDEN.

Enclosure in No. 16.

Note verbale.

(Translation.)

THE Ministry of State have the honour to acknowledge receipt of the note from the Italian Embassy in Madrid, dated the 25th instant, in which the latter were good enough to transmit to them the telegram from the Comité international de Contrôle of the Tangier Zone, regarding the behaviour of the vessels of the Spanish navy which are or may be in the bay of the said locality. In reply to the same, they have to state that, in connexion with the decisions of the said Comité de Contrôle which are contained in the document in question, the Spanish Government reiterate, solemnly and finally, that they cannot accept the standard maintained by the comité.

It is not admissible that a rebel general who rises in arms against his Government can be considered a belligerent. This rule would be most regrettable for all the nations; it would fundamentally violate all the principles of law which govern relations between States.

Spain possesses a political and constitutional organisation with a fully legitimate Government, which represents the sole authority in the country. Any other movement is of an insurrectional nature. Other States may not concede to it the status of belligerency, and may not do otherwise than refuse all intercourse and relations. The Spanish Government, therefore, energetically reject, as being opposed to the elementary rules of international law, the decision of the Comité de Contrôle, which accords belligerent status to a rebel general. Although Spain is desirous of not provoking difficulties in Tangier, it is positive that it had already given orders to its squadron, which have been strictly complied with, not to utilise the port of Tangier as a basis of operations against the rebel troops.

The Ministry of State have the honour to communicate the foregoing statements to the Italian Embassy, with the request that suitable action may kindly be taken in regard to the decision transmitted in the note in question.

Madrid, July 28, 1936.

[W 10658/5962/28] No. 17.

Foreign Office to Acting Consul-General Stonehewer-Bird (Rabat).

(No. 161 Confidential.)

Sir, *Foreign Office, September* 14, 1936.

I AM directed by Mr. Secretary Eden to inform you that the treaty of alliance between the United Kingdom and Egypt, signed at London on the 26th August, 1936, copy of which is enclosed herewith,(1) contains, in article 13 and annex thereto, provisions regarding the eventual abolition of Capitulations in Egypt, and it is probable that in due course the French Government will take the opportunity to invoke article 2 of the secret articles annexed to the declaration between the United Kingdom and France of the 8th April, 1904, respecting Egypt and Morocco, and claim the surrender of British capitulatory rights in the French Zone of Morocco. In that event, His Majesty's Government in the United Kingdom must be prepared to enter into negotiations with the French Government. It is almost inevitable, moreover, that the surrender of British capitulatory rights in the French Zone will involve their surrender in the Spanish Zone.

2. A copy of a report of a preliminary meeting between the Foreign Office and the Board of Trade, which was held on the 8th July to discuss the attitude to be adopted by His Majesty's Government, is enclosed for your confidential information.

3. Sir Andrew Ryan's despatch No. 51 of the 19th March, 1930, Mr. Edmond's memorandum of the 28th October, 1932,(2) Mr. Gurney's despatch No. 57 of the 27th March, 1930, and Mr. Gardener's memorandum of March 1933(3) contain valuable suggestions with regard to possible safeguards in return for the surrender of British special privileges in the French and Spanish Zones. I am to request that you will submit as soon as possible any further observations which you consider should be borne in mind in formulating the terms for the renunciation of capitulatory privileges in Morocco.

4. Mr. Eden has not lost sight of the fact that an undertaking has been given to consult the British Chamber of Commerce at Casablanca when the question comes up for discussion with the French Government, but he considers that such consultation is premature at the moment, and he would prefer to postpone it until a later stage.

5. A similar despatch has been addressed to the acting British consul-general at Tangier.

I am, &c.
P. LEIGH-SMITH.

[W 6735/5962/28] Enclosure in No. 17.

Report of Meeting between Representatives of Foreign Office and Board of Trade on July 8, 1936.

IN accordance with 7 (*b*) of Cabinet Conclusions 48 (36) of the 1st July, 1936, a meeting was held at the Foreign Office on the 8th July, under the chairmanship of Sir George Mounsey, between representatives of the Foreign Office and the Board of Trade to discuss the attitude to be adopted in the event of France proposing the abolition of British special rights in Morocco, should the treaty negotiations with Egypt cover the question of Capitulations.

Article 2 of the secret articles attached to the declaration of the 8th April, 1904, between the United Kingdom and France respecting Egypt and Morocco runs :—

> "In the event of their (His Majesty's Government) considering it desirable to introduce into Egypt reforms tending to assimilate the Egyptian legislative system to that in force in other civilised countries, the Government of the French Republic will not refuse to entertain any such proposals on the understanding that His Britannic Majesty's Government will agree to entertain (the French text uses the term 'examiner') the suggestions that the Government of the French Republic may have to make to them with a view to introducing similar reforms in Morocco."

(1) Cmd. 5270. (2) Part 70, No. 26. (3) Part 71, No, 28.

This article, it will be observed, refers to reforms introduced into Egypt by His Majesty's Government. In present circumstances, it will, of course, be the Egyptian Government who will introduce the reforms, the action of His Majesty's Government being limited to the use of their good offices in securing the assent of the other Powers. Further, according to the French text of the article, His Majesty's Government undertake to "examiner" (which is rendered in the English text by "entertain") any suggestions of the French Government. Although it may be necessary to obtain legal opinion on the obligations of His Majesty's Government under the article, the Foreign Office and the Board of Trade are nevertheless doubtful whether it would be possible not to enter into negotiations with the French Government if the latter demand them, in the eventuality envisaged by the Cabinet, on the basis of the disappearance in Morocco of existing special British privileges. It is almost inevitable, also, that a claim by France of this nature in respect of the French Zone of Morocco would be followed by a similar claim by Spain in respect of the Spanish Zone.

The special rights of His Majesty's Government in Morocco cover consular jurisdiction and personal rights.

(i) *Consular Jurisdiction.*—By certain articles of the United Kingdom General Treaty of 1856 with Morocco, British subjects, as defendants, are only amenable to the British consular courts and are immune from the local jurisdiction. Moreover, by article 4 of the same treaty, British subjects "shall not be obliged to pay, under any pretext whatever, any taxes or impositions." Consequently, no tax not covered by treaty provisions can legally be levied on British subjects unless His Majesty's Government have agreed to the tax, and a King's Regulation, under the Morocco Orders in Council, has been issued making it applicable to British subjects. Payment of the tax can only be enforced by proceedings in a British consular court.

(ii) *Semsar and Mokhalat (Local British Protégés) System.*—Semsars are natives in Morocco appointed as agents of British firms. Mokhalats are registered employees of British subjects.

(iii) *British Post Offices in Morocco.*—As regards consular jurisdiction, these rights are possessed only by the United Kingdom and the United States, all other foreign nationals being amenable to the French courts; it is considered that British subjects would find a fairly satisfactory substitute in the French courts. In the matter of personal taxation, we should no doubt endeavour to provide for national and most-favoured-nation treatment. It is not considered that the abolition of semsars and mokhalats would be a serious loss to British trade. The disappearance of the British postal service is also not considered to be a matter of great importance, as there is now a good local postal service.

The United Kingdom Commercial Treaty of 1856 contains a provision that no import duty higher than 10 per cent. *ad valorem* is to be charged on goods imported by British subjects, a provision which also appears in the Spanish treaty with Morocco of 1861; other countries possess the benefit of this provision by virtue of most-favoured-nation treatment. This flat rate of 10 per cent. is increased by an additional 2½ per cent. under article 66 of the Act of Algeciras. This restriction on Morocco's tariff autonomy is resented by the French Government and the French Protectorate authorities, and the French Government will no doubt take the first opportunity to claim a modification. We should probably be prepared in this matter to agree to a reasonable non-discriminatory increase in tariff, but claiming in return concessions in other directions. It is also possible that the consent of the other Algeciras Powers may be required for any alteration of the existing customs régime.

As already stated, the opinion of the Foreign Office and the Board of Trade is that, if the French Government put forward a demand under article 2 of the secret articles of the 1904 declaration, His Majesty's Government would probably not be in a position to refuse to enter into negotiations. It is generally agreed that our consular jurisdiction and personal rights in Morocco are not in themselves of particular importance, but that they afford a very valuable safeguard against discriminatory acts by the French Protectorate, and their disappearance might well pave the way for the loss of our commercial rights also. It is because the French have to bear in mind the special position of British subjects that they cannot attack our trade as much as they would like to. The United Kingdom export trade with Morocco has seriously diminished in the last few years, more especially, as a result of Japanese competition, in the case of

cotton exports, and it is realised that it will be exceedingly difficult to frame new treaty provisions so as to prevent still further inroads on British trade. Once we lose our position of special privilege our trade in French Morocco, worth about £1,240,000 in 1933 and £750,000 in 1935 (these figures include Tangier), will almost certainly proceed to dwindle even further. Until some idea is obtained of what the French demands are likely to be, it is hardly practicable at the moment to indicate in any detail what our own attitude should be. Generally speaking, it will probably have to be on the lines of framing non-discriminatory provisions as favourably as possible. The principle of economic liberty without inequality is enshrined in the preamble to the Act of Algeciras, and this Act cannot be modified without the assent of all the parties, but that principle cannot be regarded as a sufficient safeguard, since it will always be open to the French to impose high duties on goods of particular interest to the United Kingdom.

The Foreign Office and the Board of Trade are agreed that it should be left to the French Government to make the first move in the matter of the surrender of our special rights in Morocco.

[**W 14943/5962/28**] No. 18.

Foreign Office to Consul-General Keeling (Tangier).

(No. 274. Confidential.)

Sir, *Foreign Office, November* 16, 1936.

WITH reference to Foreign Office despatch No. 208 of the 14th September, in which you were requested to forward suggestions, supplementary to the information previously furnished to this department as mentioned in paragraph 3 of the above-mentioned despatch, in regard to the terms for the renunciation by the United Kingdom of their capitulatory privileges in Morocco, I am directed by Mr. Secretary Eden to draw attention to certain particular points on which your opinion is invited.

2. Assuming that the United Kingdom surrender in Morocco (i) the jurisdiction of British consular courts, (ii) the non-application of Shereefian legislation to British subjects unless a King's Regulation is issued—which constitute the two aspects of the Capitulations, I am to enquire what provisions you consider a convention with France should contain in respect of (*a*) jurisdictional measures, (*b*) further safeguards for equality of treatment.

3. As regards (*a*), it should, no doubt, be stipulated that British subjects and protected persons must be subject to the same courts as French citizens. It seems necessary also to consider the question of reserving consular jurisdiction in questions of "personal status" for a period of years equal to that in which this jurisdiction is reserved in Egypt if this reservation is agreed to in the Egyptian Capitulations discussions. "Personal status" includes matrimonial causes, inheritance, guardianship of children, legitimacy and other matters of family law. Moreover, as regards the possible effect of the surrender of capitulatory rights in conferring French nationality upon certain British subjects and British protected persons who do not at present acquire it, I am to refer to the documents mentioned in paragraph 3 of the above-mentioned despatch and to enquire whether you have any suggestions to offer. The effect of the French nationality decree of the 8th November, 1921, would appear to have the effect of conferring French nationality on the children born in Morocco of a British father who was born in Morocco where the child was born after the surrender of British capitulatory rights. In this connexion it might be reasonable to ask for assurances—

(i) That the French decree of 1921 should only be applied to persons born after the date of the renunciation;

(ii) That the French Government will not go beyond the terms of this decree in imposing French or Moroccan nationality on British subjects and British protected persons by reason of birth or residence in Morocco.

4. As regards (*b*), it is a question whether it will be possible to obtain further concessions from the French Government unless His Majesty's Government are prepared to offer counter-concessions in respect of the 12½ per cent. *ad valorem* limit for customs duties. In the present circumstances, it is essential for the purposes of the policy of His Majesty's Government with regard to Egypt that the French Government should have no reasonable ground for refusing to agree to the proposals which the Egyptian Government with the support of His Majesty's Government will be proposing with regard to the Capitulations in Egypt (see article 13 of the Treaty of Alliance with Egypt and its annex, copy of which is enclosed herewith). If His Majesty's Government refused to agree to renounce their capitulatory rights in Morocco the French Government would have a reasonable ground and the renunciation of French capitulatory rights in Egypt will, perforce, become the *quid pro quo* for the renunciation of British capitulatory rights in Morocco. Since the French Government have this lever, it would not be possible to hold out for further guarantees as regards trade in return merely for the disappearance of British capitulatory rights in Morocco as it might have been if the renunciation had taken place in other circumstances.

5. Mr. Eden realises that the questions of the maximum customs duty and equality of treatment in commerce are not, strictly speaking, involved in the matter of Capitulations, though there is, of course, a *de facto* connexion and it remains for subsequent decision, dependent to some extent on the attitude of the French Government, whether it will be advisable to enter upon negotiations, in the first instance, solely on the basis of capitulatory rights as such, leaving the question of trade and taxation on a footing of non-discrimination in exchange for concessions by His Majesty's Government on the maximum customs duty for separate and subsequent discussion, or whether an endeavour should be made to connect these problems.

6. Mr. Eden will be glad to receive an early expression of your views on the above-mentioned despatch and on the points raised in the present despatch in the light of the changed conditions and having regard to the possibility that His Majesty's Government may be approached in the matter by the French Government at an early date, thus necessitating the opening of negotiations either prior to the conference on Egyptian Capitulations next spring, or during the course of that conference. It would be proposed to make the coming in force of the agreement surrendering British capitulatory rights in Morocco simultaneous with the French ratification of the Egyptian Capitulations Convention.

7. A similar commmunication has been addressed to His Majesty's consul-general at Rabat, No. 201, *mutatis mutandus*.

I am, &c.
WALTER ROBERTS.

[**W 16797/1947/28**] No. 19.

Consul-General Hurst to Mr. Eden.—(Received November 28.)

(No. 134.)

Sir, *Rabat, November* 21, 1936.

I HAVE the honour to report that disturbances broke out in Fez, Casablanca and Rabat-Salé on the afternoon of Tuesday, the 17th November.

2. Their immediate cause was the arrest in Casablanca on the preceding Saturday (the 14th November) of three Nationalist agitators and leaders of the "Action marocaine" movement, Sidi Hassan-el-Ouezzani, Si Allal-el-Fassi and Mohammed-el-Yazidi, who had arrived from Fez to organise a meeting demanding a vernacular press and more freedom generally. Such meetings had recently been held in Fez and Rabat and had passed off without incident, but on the present occasion there was some agitation in the streets.

3. Consequent on these arrests, Nationalists prepared the ground for simultaneous manifestations in Fez, Casablanca and Rabat-Salé. Events in Fez and Casablanca are described in the attached copies of despatches No. 76 (with its enclosure) and No. 110 respectively from His Majesty's consular

officers in those towns.(1) The disturbances in Rabat and Salé on that day were of a less serious nature. In Rabat some 500 Moors had assembled in the native quarter to listen to the words of an agitator named Hadj Ahmed Cherkaoui and to obey his behest to march to the palace and present a petition setting forth the Nationalist claims. The procession set off, headed by bearers of a banner with the inscription: "We want liberty, we want newspapers, we want the release of the three prisoners!" The authorities, however, were forewarned, the procession was stopped before it had progressed very far, and, after some slight scuffles and a few arrests, broke up and dispersed. A similar gathering and procession in Salé, across the river, came to a similar tame end.

4. The Moorish courts in Fez, Casablanca and Rabat have now passed sentences on the different persons who were arrested varying from two years to a few days and to acquittals, but the three ringleaders arrested at Casablanca on the 14th November have not yet been dealt with.

5. The relative severity of the sentences on the ringleaders shows the seriousness with which the Protectorate authorities regard the present agitation, in which political unrest is undoubtedly allied with economic hardship due to rising prices.

6. Apart from the localities in question (of which Fez, ever the Nationalist centre, is the most uneasy), the French Zone has been quiet. So, since the 17th November, have Casablanca and Rabat, though minor disturbances are again reported to have occurred in Fez and in Oudjda yesterday.

7. I am sending a copy of this despatch to His Majesty's consul-general in Tangier.

I have, &c.
L. H. HURST.

(1) Not printed.

[W 17936/247/28] No. 20.

Note communicated by the French Embassy, December 12, 1936.

L'AMBASSADE de France a déjà fait part à plusieurs reprises au Foreign Office des préoccupations que cause au Gouvernement français l'emprise chaque jour croissante de l'Italie sur les Baléares. Si l'activité allemande est négligeable dans cet archipel, elle ne cesse, en revanche, de s'intensifier depuis quatre mois aux îles Canaries et au Maroc. En ce qui concerne ce dernier pays, des informations particulièrement précises et concordantes sont parvenues à la connaissance du Gouvernement français.

Aucun indice recueilli au Maroc ne permet d'affirmer que les Allemands aient prévu l'insurrection qui a éclaté le 18 juillet. Mais ils ont vu immédiatement le parti qu'ils pouvaient en tirer pour acquérir en zone espagnole une situation privilégiée qui leur permettrait de rétablir leur influence commerciale et même politique dans l'Empire chérifien, dont ils avaient été presque complètement éliminés à la suite de la dernière guerre.

Dès le 29 juillet des avions allemands arrivent à Tétouan, le premier ayant à son bord l'Allemand Langenhein, bien connu des services français de renseignements comme étant depuis trente ans environ l'un des agents les plus actifs de Berlin au Maroc.

Du 3 au 15 août les arrivées d'avions allemands se succèdent à Tétouan, pour la plupart des trimoteurs Junkers, qui sont utilisés principalement pour le transport des troupes à destination de l'Espagne. Le 15 août le consul de France en cette ville dénombre quinze avions de cette nationalité. Les pilotes et mécaniciens allemands, qui sont revêtus d'un uniforme particulier, sont en nombre assez élevé; ils sont l'objet d'attentions particulières de la part des autorités rebelles, qui les convient, notamment, à la fête donnée le 15 août dans la caserne de la garde du Khalifa à l'occasion du changement de drapeau. Quelques-uns de ces avions survolent Larache, où l'un d'eux atterrit.

A partir du 20 août la base d'aviation allemande qui fonctionnait à Tétouan paraît avoir été transportée en Espagne, mais l'activité de la marine de guerre allemande se développe.

Le cuirassé *Deutschland* et le torpilleur *Luchs* étaient arrivés, dès le 3 août, à Ceuta, où ils avaient débarqué des caisses de bombes pour avions. Leurs états-majors s'étaient rendus à Tétouan pour y saluer le Général Franco. Les visites des navires de guerre à Ceuta se répètent ensuite fréquemment. L'un d'eux maintient sous ses projecteurs, pendant toute une soirée, un bâtiment gouvernemental qui croisait devant le port.

Larache et Melilla ne sont pas négligées. A Larache, le *Nuremberg* mouille le 22 septembre. Le 26 octobre, les officiers du *Leopard* visitent le parc d'artillerie et la Direction de l'Intendance. Le *Deutschland* touche à Larache le 22 octobre et organise à bord une réception en l'honneur des Phalangistes. Officiers et équipages sont reçus à terre par les autorités rebelles.

A Melilla, le *von Scheer* et le *Deutschland* se succèdent. Des fêtes sont organisées en leur honneur avec revue de troupes, réception des équipages, retraites aux flambeaux.

Les Allemands ne manquent pas, par ailleurs, l'occasion qui leur est donnée de faire reparaître le pavillon de leur marine de guerre en rade de Tanger. Au début d'août le Gouvernement du Reich s'adresse au Gouvernement français en raison de la compétence qu'il reconnaît à ce dernier dans les affaires tangéroises pour faire connaître que les bâtiments allemands chargés de secourir et d'évacuer leurs nationaux pourront être amenés à faire escale à Tanger. Le Ministère des Affaires étrangères, après avoir pris l'avis du Foreign Office, admet ces relâches pour les besoins de la navigation et en précisant que les navires de guerre allemands ne sauraient participer à la mission de protection et de surveillance assurée à Tanger par les Puissances statutaires.

Le Gouvernement allemand profite d'abord de l'autorisation avec quelque discrétion, mais ne tarde pas à en abuser. En dernier lieu, ses bâtiments de combat se succèdent auprès d'un ravitailleur qui stationne en permanence à Tanger. Ce port est devenu pour la flotte allemande, comme pour la flotte italienne, une manière de base navale.

Cette réapparition des navires de guerre allemands en zone de Tanger et en zone espagnole a produit une vive impression sur les indigènes, y compris ceux de la zone française, qui suivent attentivement tout ce qui se passe dans le nord du Maroc. Les Marocains ont été d'autant plus frappés par cette manifestation continue de la puissance allemande qu'elle succédait à vingt-deux ans d'absence.

On comprend ainsi la créance qu'ont trouvée parmi eux les informations de presse aux termes desquelles le Gouvernement de Burgos aurait promis de reconnaître l'aide de l'Allemagne par des cessions territoriales en zone espagnole du Maroc. Une telle nouvelle semble peu vraisemblable. En obtenant de la France, par le traité du 27 novembre 1912, une délégation de protectorat dans le nord du Maroc, l'Espagne s'est engagée "à n'aliéner ni céder sous aucune forme, même à titre temporaire, ses droits dans tout ou partie du territoire composant sa zone d'influence" (article 5). On sait, à Berlin comme à Burgos, que, si cet engagement était violé, le Gouvernement français pourrait d'autant moins se dispenser d'en exiger l'observation que le protectorat lui fait un devoir de "prêter un constant appui à Sa Majesté chérifienne contre tout danger qui menacerait sa personne ou son trône ou qui compromettrait la tranquillité de ses États" (article 3 du Traité de Protectorat du 30 mars 1912), c'est-à-dire, notamment, de faire respecter l'intégrité de l'Empire chérifien.

Il est plus probable que les firmes allemandes qui ont fourni des armes et des munitions aux rebelles se font payer en minerais, de fer principalement, dans des conditions qui équivalent à une mainmise complète sur les ressources minières de la zone espagnole. On signale l'arrivée à Melilla de nombreux ingénieurs allemands chargés d'organiser une exploitation intensive.

Il est d'ailleurs certain que cette emprise économique n'est pas exempte d'arrière-pensées politiques. Le Gouvernement français a appris de bonne source qu'en annonçant, il y a quelques semaines, à Séville l'intention d'octroyer l'autonomie à la zone espagnole, les chefs de l'insurrection s'inspiraient de suggestions allemandes. Celles-ci se préoccupaient certainement moins de gagner les indigènes à la cause nationaliste par des promesses de "self-government" que de rompre l'allégeance de la zone espagnole envers le Sultan pour préparer l'ingérence étrangère.

Enfin, on doit se demander si l'Allemagne déploierait une telle activité dans ces parages sans avoir pris des sûretés du côté de l'Italie. L'idée d'un accord entre les deux Puissances pour la répartition des zones d'influence s'impose avec

force à l'esprit. Tandis que l'Italie se réserve les Baléares, l'Allemagne essaie de s'implanter au Maroc et aux Canaries.

Cette situation mérite de retenir l'attention la plus sérieuse de l'Angleterre aussi bien que de la France. L'une et l'autre ont un égal intérêt à ce qu'une Puissance militaire de premier rang ne prenne pas pied dans la zone espagnole du Maroc.

En effet, la rupture de l'équilibre actuel menacerait la sécurité de leurs communications maritimes entre l'Atlantique et la Méditerranée. Cette préoccupation a toujours été à la base de la solidarité franco-anglaise dans les affaires du Maroc. Elle a inspiré la déclaration de Londres du 8 avril 1904 et se retrouve dans les accords franco-espagnols—convention du 3 octobre 1904 et traité du 27 novembre 1912—où le Gouvernement anglais a joué un rôle de témoin vigilant, sinon d'arbitre. Quand ces différents textes frappaient d'une servitude de non-fortification les côtes marocaines depuis Melilla jusqu'à l'embouchure de l'Oued Sebou, afin d'assurer "le libre passage du Détroit de Gibraltar," ils répondaient surtout aux nécessités impériales britanniques. Depuis lors l'intérêt de la France s'est accru sans que celui de l'Angleterre ait diminué, car il n'est guère possible de concevoir d'éventualités où la sécurité des communications entre la France et l'Afrique du Nord n'affecterait pas directement celle de la route des Indes.

Par ailleurs, l'activité allemande au Maroc pourrait, sans même prendre un caractère militaire, compromettre la sécurité de la France en Afrique du Nord. La lutte menée par l'Allemagne contre la France au Maroc, pendant les années qui ont précédé la dernière guerre, a laissé des traces profondes et, si ces souvenirs étaient ravivés par une propagande appuyée sur un établissement solide, même purement commercial, en zone espagnole, ils pourraient entretenir dans les milieux indigènes un malaise, déjà préjudiciable à l'autorité française en temps normal, et qui, dans des circonstances difficiles—notamment en cas de mobilisation—ne manquerait pas de dégénérer en agitation dangereuse. La France risque ainsi de se trouver, d'un moment à l'autre, dans l'obligation de renforcer aussi bien les effectifs de ses troupes d'occupation que les moyens propres à protéger les transports de troupes en Méditerranée.

Les faits qui précèdent sont considérés, pour l'instant, par le Gouvernement français comme des symptômes plutôt que comme des menaces. Aussi, ne se propose-t-il pas d'engager dès maintenant une action précise à ce sujet et ne croit-il pas devoir solliciter l'appui diplomatique du Gouvernement de Sa Majesté. Il a cependant estimé que les relations qui existent entre les deux Gouvernements lui permettaient de faire part, dès à présent, au Gouvernement britannique des préoccupations qu'il éprouve en ce qui concerne la situation dans la zone espagnole du Maroc. Il serait heureux que le Gouvernement britannique pût examiner avec attention les informations qui précèdent, afin d'être en mesure, le cas échéant, de se concerter avec le Gouvernement français sur l'action qu'il y aurait éventuellement lieu d'entreprendre à cet égard.

Londres, le 12 *décembre* 1936.

[W 17936/247/28] No. 21.

Foreign Office to Mr. Keeling (Tangier).

(No. 307. Confidential.)

Sir, *Foreign Office, December* 22, 1936.

I AM directed by Mr. Secretary Eden to transmit herewith copy of a note from the French Embassy in London on the subject of German political and economic penetration in Morocco.(1)

2. The visits of German warships to Tangier, which are viewed with misgiving by the French Government as being a manifestation of ulterior motives, were dealt with in your despatch No. 187 of the 21st September, and Mr. Eden will be glad to receive your further observations on this point in the light of the

(1) No. 20.

views expressed by the French Government and of any developments subsequent to your above-mentioned despatch. Information on certain aspects of German activities in the Spanish zone has already been reported, through you, by His Majesty's consul at Tetuan, more particularly in regard to the receipt by Germany of payment in kind—copper, iron ore, wool—for her supplies of war material and to German interests in mining concessions, in which connexion I am to refer to Tangier despatches Nos. 183 of the 18th September, 193 of the 29th September, 242 of the 2nd November and 253 of the 19th November.

3. I am to request that you will submit a report, as detailed as possible, covering all forms of German activity in Morocco, together with a general appreciation of the points raised by the French Government.

4. You should treat this matter as one of urgency and submit your report at the earliest possible date.

5. A copy of this despatch has been sent to His Majesty's consul-general at Rabat.

I am, &c.
WALTER ROBERTS.

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(15373)

FURTHER CORRESPONDENCE

RESPECTING

MOROCCO

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Further Correspondence respecting Morocco.

PART 75.—JANUARY TO DECEMBER 1937.

[W 46/46/28] No. 1.

Consul-General Hurst to Mr. Eden.—(*Received January* 1, 1937.)

(No. 141. Confidential.)

Sir, *Rabat, December* 7, 1936.

ON the receipt, contemporaneously with my arrival at this post, of your despatch No. 161 of the 14th September last, instructing me to submit any further observations supplementary to those of Sir A. Ryan and Mr. Edmonds, which might appear necessary as to safeguards against the event of the surrender of British capitulatory privileges in the French Zone of Morocco, I invited the views of Mr. Stonehewer-Bird, whose experience of Morocco extends back to 1923.

2. I have the honour to attach copies of a useful memorandum which he has compiled and with which I am in agreement.

3. My short stay in Rabat suffices for me to share certain opinions which my predecessors have already expressed. British subjects, though many will no doubt raise despairing cries when the time comes, are not likely to suffer great hardships from the loss of jurisdictional and other special privileges which, however pleasant, are now an anachronism. With British trade, on the other hand, it is likely, whatever precautions are taken, to be otherwise. The economic and financial situation of Morocco continues to be decidedly unsatisfactory; the budget is expected to leave a heavy deficit to be filled by whatever expedients can best be devised, the harvest has again been disastrous, trade and industry are sluggish, wholesale and retail prices are steadily rising and Moorish nationalism is stirring uneasily. The limitations imposed by the Act of Algeciras are becoming progressively more irksome for a mother country which has poured much money into Morocco, which will have to provide much more, and which is struggling in return to increase by any means which are likely to succeed the lion's share of the Protectorate's imports which she already holds. The Protectorate attitude towards British interests has for some years past—and especially since the arrival of M. Ponsot—become progressively more intransigent and unaccommodating, and apt to whittle away the British trade share.

4. Since the peak year of 1929, when both imports and the United Kingdom share therein reached their highest levels (respectively 2,547,430,000 and 260,216,000 fr.) there has been a progressive falling off year by year both in the total imports and in the United Kingdom figures and proportion (1930, 193 million francs or 8·7 per cent.; 1931, 176 million or 8·5 per cent.; 1932, 136 million or 7·6 per cent.; 1933, 94 million or 5·9 per cent.; 1934, 58 million or 4·4 per cent.; 1935, 49 million or 4·3 per cent.). The devaluation of the franc is now likely to make the British task, suffering already from the Japanese competition of the past years, still harder. Measures for safeguarding what is left of our imports are suggested in the enclosure to this despatch and in the two previous memoranda referred to in paragraph 1, nor can I think of any further proposals likely to be of material use.

5. The president and two members of the British Chamber of Commerce in Casablanca called on me on the 4th instant to enquire whether I had any information as to the impending abolition of the Capitulations, and to express their grave concern at such a possibility. The position of British merchants in Morocco would, the deputation said, become untenable in such an eventuality; they would all have to close their businesses and leave the country. I demurred at such an extreme picture. I said that no request had yet been made by the French Government nor could I say if, or when, it might be advanced. The Chamber would doubtless bear in mind that, when the time came, His Majesty's Government had undertaken to consult them. I suggested that, had they not already tabulated their proposals—the possibility of the disappearance of British capitulatory right was no new matter, but extended back a number of years—they might wish to do so, and bring them up to date at occasional intervals.

6. A minor alteration which has been introduced since the date of Mr. Edmonds's memorandum and which is not referred to in that of Mr. Stonehewer-Bird may be mentioned for the sake of completeness. The postage on letters between the United Kingdom and Morocco sent through the British Post Offices has now been reduced to inland and empire rates, while a cash on delivery service has been inaugurated for parcels sent from the United Kingdom to Morocco. These concessions have undoubtedly been of some advantage to British trade.

7. In conclusion, I would suggest the usefulness of getting into touch—perhaps at a later stage—with my United States colleagues, the consul-general in Tangier and the consul in Casablanca, whose experience might result in some helpful suggestions.

8. I am sending a copy of this despatch and enclosure to His Majesty's consul-general in Tangier.

I have, &c.
L. H. HURST.

Enclosure in No. 1.

Memorandum.

SIR ANDREW RYAN, in his memorandum of the 19th March, 1930, and Mr. Edmonds, in his memorandum of the 28th October, 1932, have dealt so exhaustively with all aspects of the question that there is little to add.

2. The situation since these memoranda were written has not changed to any great extent, though the tendency to regard Morocco as a part of France, and to introduce purely French legislation has certainly greatly increased of late years.

3. Both Sir Andrew Ryan and Mr. Edmonds refer to the possibilities of (1) the annexation of Morocco by France and (2) the declaration of the independence of the country, and feel strongly that the treaty or instrument of renunciation of Capitulations should be made with both France and Morocco. I agree, though I feel that the chances of Morocco obtaining her independence are remote for as long as France maintains her position in Africa.

4. There is, I believe, generally speaking less feeling against the capitulatory régime (consular courts, semsars and postal agencies) than against the treaties, whereby France is prevented from favouring French imports and French industries in Morocco. Herein may lie the main difficulty in negotiating any instrument which will ensure the maintenance of the principle of economic and commercial liberty and equality.

5. Sir Andrew Ryan and Mr. Edmonds have dealt so thoroughly with the question of safeguards for our trade that I would only stress one point, namely, that any departure from the principle of a uniform *ad valorem* tax on all imports will almost inevitably result in the loss of most, if not all, of our trade. If the French are allowed to place higher import duties on certain articles than on others, even while maintaining the same rate for imports from all countries, this freedom can be so used as to favour French to the exclusion of other imports. An example would be edible oils; a tax of 5 per cent. could be placed on olive oil and a tax of 25 per cent. on groundnut oil. There would be theoretical equality between importers, but the effect would be that the article in which the French

have the greater interest would be favoured. But the greatest danger in this respect lies in the power of the French to impose internal duties—"taxes de consommation"—and in the case of oils cited above, even if a uniform tariff for all edible oils were imposed, it would be possible, by the imposition of a higher "taxe de consommation" in other oils, to ensure the exclusive sale of olive oil. The question of internal duties is, I feel, of the greatest importance, as it can rob of its value any agreement as to customs tariffs; a heavy horse-power tax or, as in France, a heavy tax on petrol could, for example, completely destroy the trade in American motor cars. It would certainly be advisable, if possible, to press for the abolition of veiled import duties, "droits de portes" and "taxes de consommation" on imported goods while agreeing, if necessary, to a higher uniform rate of duty on imports.

6. There are a few other matters dealt with in the memoranda on which I venture observations:—

Consular Courts and Future Jurisdiction (Sir Andrew Ryan's memorandum, paragraphs 35 to 39).—While provision is suggested for the termination of cases pending in the consular courts or brought within sixty days of the renunciation, the case of the plaintiff who, while wishing to proceed against a British subject, prefers to wait until he can bring his action against the defendant in the French court, has apparently escaped notice. I do not know how far it would be possible to stipulate that an action the case for which existed before the renunciation of Capitulations must be tried by the consular court, but the absence of some such stipulation may result in:—

(*a*) The trial by a French court of a British subject for some act committed by him before the renunciation of Capitulations, which though in the eyes of English law not illegal, was yet an offence in the contemplation of French law.

(*b*) The hearing in the French court of a case brought against a British defendant in respect of a transaction which took place before the renunciation of Capitulations, the successful issue of which might depend on the application to the British defendant of a local regulation not covered by King's Regulation.

7. This matter is most important where the potential plaintiff is a branch of the Administration. There exist a number of regulations which have not been applied to British subjects, and it would be necessary to stipulate that non-compliance with such regulations at a time when they were inapplicable could not form the basis of a charge against the person concerned or render him liable to an administrative fine.

8. *Taxes. Arrears of Taxation* (Sir Andrew Ryan's memorandum, paragraphs 6–8) (Mr. Edmonds's memorandum, paragraph 32).—I think it should be stipulated that no arrears of taxes not applicable by King's Regulation should be claimed from British subjects in respect of the year preceding that in which the renunciation takes place, and that it should be further stipulated that no tax should be claimed from British subjects in respect of any period more than twelve months previous to the renunciation. Thus, if Capitulations were renounced in 1940, only taxes applicable by King's Regulation could be claimed in respect of 1939, whereas no tax could be claimed, whether applicable or not, in respect of 1938 and previous years. The reason for this stipulation is that there is a tendency on the part of the authorities to keep on their books as taxes still due, items of taxation in regard to which a case has been heard in the consular court and a decision unfavourable to the authorities has been recorded. There may, of course, remain judgments for arrears of taxes which have not been executed at the time of the renunciation; there would be no objection to the authorities themselves executing these judgments of the consular court after the court had ceased to function.

9. *Nationality.*—Sir Andrew Ryan has dealt very fully with this question in paragraphs 28 to 32 of his memorandum, and I would merely draw attention to the fact that the problem dealt with in his paragraph 31 is in process of solution (see correspondence ending with Foreign Office despatch No. 138 of the 22nd July, 1936).

10. *Missions.*—The number of missionaries has increased of late years, and a bishop with headquarters at Casablanca has been appointed. A provision for

treatment similar to that accorded to Franciscan missionaries would probably provide sufficient safeguard.

11. *Bank of British West Africa.*—As Mr. Edmonds points out in paragraph 27 of his memorandum, the great asset of the bank is its freedom from inspection and its consequent secrecy. I do not anticipate that the authorities would, when Capitulations are renounced, pursue an active policy of interference, but I fear very much that knowledge of the removal of the bank's special asset of secrecy may result in a considerable loss of local custom, which, if coupled with a decline in British trade, may make it impossible for the bank to carry on. A declaration on the lines suggested by Mr. Edmonds would undoubtedly help the bank in any difficulty which they might encounter with the authorities, but it is doubtful whether it would appreciably prolong its life.

12. *Patton-Bethune Case* (paragraph 11 of Sir Andrew Ryan's memorandum).—This case has been settled.

13. *Licences.*—This question is touched upon by Sir Andrew Ryan in paragraph 39 of his memorandum. It might perhaps be possible to provide that British applicants for licences as taxi-drivers, purveyors of liquor or municipal guides should have the same treatment as French applicants. Theoretically, applications for taxi licences are taken in order of date, but in practice there is considerable juggling with the list, the excuse usually being, when the facts cannot be denied, that special consideration had to be given to the later application of a " père de famille nombreuse " or a " mutilé de guerre."

14. With regard to Sir Andrew Ryan's suggestion that we might seek to establish the principle that no penalty shall be enforced except by decision of a court, I feel confident that the French will not agree. It seems to me impossible for the French to admit that an Italian taxi-driver can be punished administratively, but that a British taxi-driver can only be punished by the French courts. The reason for the administrative, rather than the legal, punishment of taxi-drivers is two-fold, first, the delay, if the matter were brought to court, between the commission of the act and its punishment would be unduly long, and, secondly, the taxi-driver is a servant of the municipality, and the municipality argue with some force that they should be free to inflict punishment, or discipline must suffer.

15. *Consular Immunities* (paragraph 28 of Mr. Edmonds's memorandum).—Consular franchise and freedom from taxation is presumably enjoyed by French consular officers serving in Morocco, in virtue of the fact that their British and United States colleagues still enjoy these rights. If there are any analogies for the maintenance of these privileges after the renunciation of Capitulations (*e.g.*, Syria?), it would be pleasant if consular officers could retain them. If customs franchise is to be withdrawn, six months' grace could perhaps be accorded, as in the case of the " première installation " of consuls in non-capitulatory countries.

16 *Cemeteries.*—There remain only about four or five British subjects who by reason of their great length of residence and early association with the Church, may be said to have a prescriptive right to burial in the cemetery. The French may press for complete disaffection of the cemetery, *i.e.*, for the removal of the graves as they did in the case of the Spanish cemetery. I feel that we have a stronger case for resistance than had the Spaniards in that our cemetery surrounds our church, and is, moreover, further from the centre of the town. If, however, it is found necessary to accede to a request by the French for the removal of our graves, we could presumably claim in exchange a special portion of the municipal cemetery of sufficient size to permit of the transfer of existing graves and of all future burials of British subjects.

17. *Casiers Judiciaires* (paragraph 47 of Sir Andrew Ryan's memorandum and paragraph 35 of Mr. Edmonds's memorandum).—I feel that it would be unreasonable to expect the Protectorate authorities to continue to accept consular certificates in lieu of " extraits de casiers judiciaires." Such certificates are acceptable at present because the consular court alone is competent to know whether a British subject has, or has not, been condemned for any crime in Morocco, but after the renunciation of Capitulations such certificates would be valueless except in so far as they related to the period during which the person concerned was subject to the jurisdiction of the consular court.

18. I understand that " extraits de casiers judiciaires " may be obtained by any European born outside Morocco on application to the " Garde des Sceaux " in Paris, while a European born in Morocco has merely to apply to the court of

first instance in the town in Morocco, in which he is domiciled. I think that in these circumstances it would be sufficient if an assurance were obtained that " extraits de casiers judiciaires " would be issued to British subjects on completion of the same formalities as those required by French subjects. At the same time, we could not well object if the authorities required, as an additional formality, the production of a consular certificate to the effect that during the period when the applicant was subject to consular jurisdiction, he was not found guilty of any crime. A certificate of this nature might reasonably be required if no record is kept by the local police of sentences passed in the consular court.

19. *Personal Status* (paragraph 36 of Mr. Edmonds's memorandum).—The principle whereby the national law of the foreigner is applicable to questions of marriage, divorce and estates of deceased persons, seems, as Mr. Edmonds states, acceptable.

20 I would merely point out that this system involves the granting by consular officers in Morocco of certificates which they may only grant in virtue of their judicial capacity, and in accordance with the Rules of Court. Some mention would presumably have to be made in Consular Instructions to meet this requirement.

21. *Outstanding Claims* (paragraphs 1 to 5 of Sir Andrew Ryan's memorandum).—There are still a few outstanding expropriation claims, but none of any magnitude. Mr. Bullard was endeavouring, before his departure, to obtain the Residency's agreement to the following basis of settlement: the compensation to be paid to a British subject to be the value of the land at the time of the expropriation decree plus interest at, say, 5 per cent. until the date of payment. This seems fair and it might be stipulated that all claims outstanding at the time of the renunciation should be settled on this basis (arbitrators to be appointed by agreement between the parties to decide on the value of the land). I fear that it would be difficult, though it would be desirable, to ensure that future cases should be dealt with in this way, unless the French were prepared to enact that all cases of expropriation of all nationals should be similarly treated. The French subject at present is paid (at any time it may suit the municipality within twenty years) the value of his land at the date of the expropriation decree, and obtains no compensation for the fact that during a period of years he has been unable to utilise the land.

22. The only outstanding case of any magnitude of which I know is Mr. Bryce Nairn's claim against the " Travaux publics," which is at present the subject of correspondence between the Foreign Office and Rabat. I feel that this case should be settled before the renunciation of Capitulations.

Casablanca, November 23, 1936.

[**W 551/514/28**] No. 2.

Mr. Eden to Sir G. Clerk (Paris).

(No. 57.)

Sir, *Foreign Office, January* 7, 1937.

DURING the course of a conversation with the French Ambassador to-day, his Excellency mentioned that his Government had received very disquieting reports of what was happening in Spanish Morocco. German activity there was becoming intense. I understood that his Excellency hoped to be in a position shortly to furnish me with the French Government's information.

I am, &c.
ANTHONY EDEN.

[**W 593/514/28**] No. 3.

Mr. Eden to Sir G. Clerk (Paris).

(No. 60.)

Sir, *Foreign Office, January* 8, 1937.

THE French Ambassador asked to see me this evening, when he stated that he had been instructed by his Government to speak to me about the situation in Spanish Morocco. In the first week of December the Ambassador had left a

note, in which he had indicated that the Germans were already taking a strong hold in Morocco, and had pointed out that this was, amongst other things, against the terms of the Franco-Spanish treaty which dealt with this territory. The French Government had now received news that a strong contingent of German so-called volunteers were going to the Spanish Zone in Morocco. So far there were only a few men there, but these had been getting ready for the arrival of a larger number, who were expected on the 10th January. Some barracks near Tetuan had been prepared for the reception of several thousand men and contracts for food had already been made, and, I understood, preparations at Darrefya, south of Ceuta. The Ambassador explained that these volunteers would probably profess to be recruits for the Spanish Foreign Legion, but, of course, recruits for that body never arrived in large numbers and in organised drafts. The French Government took a very serious view of the situation for the reasons which they had set out in their earlier note, and they feared that this arrival of troops, if, in fact, it took place, might be a prelude to the organisation of a German base in that area. The French Government also had information that German engineers had been engaged on fortifications near Ceuta.

2. In the circumstances the French Government had instructed their consul at Tetuan to call on the Spanish authorities on behalf of the French Resident, to recall the engagements of the Spanish Government, and to tell the Spanish authorities that the French Government had information that foreign contingents were to be expected in Spanish Morocco in numbers which could by no means be reconciled with ordinary recruiting. M. Léger had also seen the German Ambassador in Paris, had told him of the reports which the French Government had heard, and had added that, if they were true, they would create a very dangerous situation and might "troubler éventuellement" relations between France and Germany.

3. The Ambassador also stated that there had been consultations between members of the French Cabinet concerned, and that they had decided to keep a naval watch on the coast of Spanish Morocco, more particularly at Ceuta. The French Government instructed him to give me this information and to add that they would be glad if the British navy could also take part in this observation. In reply, I thanked the Ambassador for his information, which, I told him, I would report to my colleagues. My impression was that we already had a ship at Ceuta, at least at intervals.

I am, &c.
ANTHONY EDEN.

[W 261/4/28] No. 4.

Foreign Office to Mr. E. Rowe-Dutton.

Foreign Office, January 8, 1937.

Sir,

WITH reference to your appointment as British member of the Committee of Experts set up to investigate the financial position of the Tangier Zone, I am directed by Mr. Secretary Eden to inform you that, so far as he is aware, the terms of reference of the committee have not yet been definitely laid down, although there appears to be a general feeling that they should be framed as widely as possible. His Majesty's Government in the United Kingdom trust therefore that, in addition to questions of possible economies and new sources of taxation and to any recommendations affecting the organisation of the services of the zone, the committee will be able to consider the cancellation of the suspense account and the cancellation or the readjustment of the statutory charges.

2. His Majesty's Government attach considerable importance to the question of the statutory charges, which impose a heavy burden on the limited resources of the zone. They include: (1) Tangier's share in the services of the Moroccan Loans of 1904 and 1910; (2) Tangier's share in respect of the guarantee of the loans of the Tangier–Fez Railway; (3) the annuities of the services of the Port Loans. These charges are referred to in articles 39 and 40 of the Tangier Statute and in article 46 of the Organic Law for the Administration of the Tangier Zone.

3. Since 1933 the budget of the Tangier Zone has been balanced with the aid of contributions made annually from the French and Spanish Governments, the joint annual contribution amounting to 2,600,000 fr. The offers of the French and Spanish Governments to make these contributions, which were accepted by the Committee of Control in January 1933, followed upon discussions in the preceding two years between the Powers signatory to the statute and on the Committee of Control regarding the serious difficulties with which the zone was faced in overcoming budgetary deficits. These difficulties were such that recourse was had in the beginning of 1932 and of 1933 to the exceptional course of voting "douzièmes provisoires," as provided in article 53 of the above-mentioned organic law, and also the services of a French expert, M. Laure, were called in during 1932 to investigate the whole financial position. M. Laure, it may be noted, was of opinion that Tangier could justifiably expect a reduction of the statutory charges, and his report included proposals for contributions from the French and Spanish Zones, more especially in respect of the cost of the port.

4. The contributions by the French and Spanish Governments are free of interest and are not repayable so long as the present international régime in the Tangier Zone remains in existence.

5. His Majesty's Government feel that the continuance of the present situation, by which Tangier is dependent for a balanced budget upon annual contributions from two Powers, might tend to undermine the international régime, to which His Majesty's Government attach the greatest importance. The serious inconvenience to which Tangier is thereby exposed has been emphasised during the past year by reason of the delay in the full payments of the promised Spanish contribution, and the present and future situation in Spain and the Spanish Zone of Morocco creates an additional element of uncertainty.

6. In November 1935, at a time when the question of the revision or the renewal of the Tangier Statute had to be decided by the Powers concerned, His Majesty's Government represented to the French Government their concern over the unsatisfactory financial position of the zone and communicated to them certain proposals as a basis for discussion to remedy the situation. These proposals comprised: (1) The cancellation of Tangier's existing debt, *i.e.*, the suspense account in respect of charges in connexion with the Morocco Loans of 1904 and 1910, and the annual subsidies advanced by the French and Spanish Governments; the debt in these respects amounted to some 18 million francs by the end of 1935; (2) the readjustment of charges in respect of the Moroccan Loans, Tangier–Fez Railway, and the Port Loan; (3) the possibility of contributions by all the Powers signatory to the statute, and, if possible, by the acceding Powers. Last May, the French Government were again pressed to agree to discussions being initiated at Tangier on the above basis, but as no definite reply has been received from them, no progress has yet been possible on these lines. Moreover, His Majesty's Government are aware that for political reasons the French Government are strongly opposed to contributions to Tangier's finances from Powers other than France and Spain. Whatever solution is proposed to remedy the situation, His Majesty's Government are anxious that it should provide, so far as can be foreseen, a basis on which Tangier may look forward in the future to a budget balanced from the normal resources of the zone, and independent of outside assistance such as might lead to a predominant influence in the zone of one or two Powers.

7. M. Laure's above-mentioned report and certain other material have already been supplied to you. Copies of recent despatches from His Majesty's consulate-general at Tangier on the present budgetary prospects are enclosed herewith for your information.(1)

8. I am to request that you will be guided by the general considerations set out above.

I am, &c.
WALTER ROBERTS.

(1) Not printed.

[W 615/514/28] No. 5.

Mr. Keeling to Mr. Eden.—(*Received January* 9.)

(No. 1.)
(Telegraphic.) *Tangier, January* 9, 1937.

YOUR telegram No. 2.

From all available information, recent fortifications of neighbourhood of Ceuta are within Ceuta boundaries.

His Majesty's consul, Tetuan, reports landing at Melilla on 28th December from German steamer of aircraft, tractors and munitions and from other German ships of considerable number of Germans. No figures available, but several hotels have been reserved for their exclusive accommodation. I have no information of landings or preparations of landing of Germans at Ceuta or Laraiche.

Visits of German warships continue. Battleship *Graf Spee* has been here since 6th January.

If I can obtain any further details of German activities I will telegraph at once. My French colleague has no information on the subject as French consul at Tetuan reports direct to Rabat, where he is at present.

[W 616/514/28] No. 6.

Mr. Keeling to Mr. Eden.—(*Received January* 10.)

(No. 2.)
(Telegraphic.) R. *Tangier, January* 10, 1937.

BOTH the High Commissioner at Tetuan and the German admiral have assured the president of the Committee of Control that there is no foundation whatever for the "absurd and fantastic" rumours of landing of German troops in Ceuta or Melilla or any ports in the Spanish zone.

2. Well-informed local sources have so far been unable to [group omitted] any confirmation whatsoever on these reports.

3. I have instructed His Majesty's consul at Tetuan to visit Ceuta to-morrow.

[W 754/514/28] No. 7.

Mr. Eden to Mr. Keeling (*Tangier*).

(No. 4.)
(Telegraphic.) R. *Foreign Office, January* 12, 1937.

YOUR telegram No. 6 of 11th January.

Please instruct His Majesty's consul at Tetuan to thank the High Commissioner for his invitation, and to inform him that in response thereto a British destroyer is being sent to visit Ceuta and Melilla, probably arriving 13th January.

[W 639/514/28] No. 8.

Mr. Keeling to Mr. Eden.—(*Received January* 11.)

(No. 3.)
(Telegraphic.) R. *Tangier, January* 10, 1937.

MY immediately preceding telegram.

His Majesty's consul, Tetuan, telephones this evening that as a result of his enquiries from local authorities he is quite convinced that there is no foundation for these reports. His French colleague shares his view and informs him that French destroyer is proceeding to Ceuta to-morrow to investigate. In these circumstances His Majesty's consul considers it unnecessary for him to visit Ceuta at any rate for the moment in view of pressure of local work. He is sending me further information by messenger before noon to-morrow. I will telegraph you anything that may be of interest.

[W 698/514/28] No. 9.

Mr. Keeling to Mr. Eden.—(*Received January* 11.)

(No. 5.)
(Telegraphic.) *Tangier, January* 11, 1937.

YOUR telegram No. 3.

Germans referred to now reported not to exceed 150 men.

His Majesty's consul, Tetuan, considers they are aircraft personnel with some non-combatant elements.

No confirmation obtainable that men landed in uniform, though my Belgian colleague tells me that he has information from a good source that this was the case.

[W 754/514/28] No. 10.

Mr. Keeling to Mr. Eden.—(*Received January* 12.)

(No. 6.)
(Telegraphic.) R. *Tangier, January* 11, 1937.

MY telegram No. 3.

High Commissioner, Tetuan, assures His Majesty's consul that there is not the slightest intention of allowing either Germans or Italians to establish bases in Morocco. There had not beeen and would not be any landing of German or Italian troops either at Ceuta or Melilla or at any point in the Spanish zone.

2. Defences of Ceuta had been strengthened in view of the possibility of the port being shelled. Present artillery defences consisted of six guns of 15 millim., three at Benzu and three on Hacho. None of these were anti-aircraft guns, of which there were none at Ceuta.

3. His Majesty's consul understands that the air defences at Melilla are directed against possible attack by Spanish Government aeroplanes or ships, crews of which, having possibly been replaced by Russians, might attempt to interfere with ore shipments from Melilla.

4. In the course of conversation, High Commissioner reiterated again and again, with every expression of sincerity, cordial invitation to visit Ceuta, Tetuan or any point in the zone to any officer or group of officers from Gibraltar who could come in their own cars driven by their own chauffeurs, and would be given safe conducts to travel everywhere in the zone and allowed facility to inspect everything in complete freedom. He [group undecypherable]ed a visit from British man-of-war to Ceuta or Melilla in order that so-called landing of German troops might be watched. He even suggested that aerial photographs of Ceuta might be taken.

Vice-Admiral, Gibraltar, informed.

[W 681/514/28] No. 11.

Sir E. Phipps to Mr. Eden.—(*Received January* 11.)

(No. 13.)
(Telegraphic.) *En clair.* *Berlin, January* 11, 1937.

CHANCELLOR, at his reception this morning, gave positive assurances to the French Ambassador that no German forces, beyond perhaps a few technical experts, were in the Spanish zone of Morocco. He added that he had no intention of sending German forces there, nor of occupying any places in the zone.

Baron von Neurath, when passing me in diplomatic circles, gave similar assurances to me. He described the whole press campaign as a "mare's nest."

[W 697/514/28] No. 12.

Sir E. Phipps to Mr. Eden.—(*Received January* 11.)

(No. 16.)
(Telegraphic.) *En clair.* *Berlin, January* 11, 1937.

MY telegrams Nos. 13 and 14.

French Ambassador and German Minister for Foreign Affairs have this afternoon agreed upon a communiqué which will be published in the press of 12th January.

This communiqué will state that Herr Hitler gave the French Ambassador, at the diplomatic reception to-day, the assurance that Germany had not, and never had had, any intention to touch in any way the integrity of Spanish territory or Spanish possessions. On his side, the French Ambassador, in the name of his Government, gave the assurance that France was resolved to respect the integrity of Spain and the statute of Spanish Morocco in the framework of existing agreements.

[W 1075/7/41] No. 13.

Mr. Eden to Sir E. Drummond (*Rome*).

(No. 42.)
Sir, *Foreign Office, January* 14, 1937.

THE Italian Ambassador asked to see me this morning, when he read to me extracts from an interview which had passed between M. Léger and Signor Cerruti, the Italian Ambassador in Paris. In the course of that interview M. Léger had stressed the very grave view which the French Government would take of any possible landing of German troops in Morocco, and had emphasised on several occasions that any eventual French action would be taken in full agreement with His Majesty's Government. In view of the emphasis used by M. Léger during the conversation, the Ambassador had been asked to enquire whether this was the true statement of the position, and would further like to know whether, in the event of such agreement on action having been reached between us and the French Government, the Italian Government would have been informed. In the view of the latter, the *status quo* in the Mediterranean was recognised as being important to us both by our recent exchanges of assurances, and the Italian Government would like to feel that they would be kept informed.

2. I replied that the Ambassador's question was now to a large extent hypothetical. The danger which the French Government had apprehended in Morocco appeared now to have been happily resolved for the present at least by the assurances which the German Chancellor had given to M. François Poncet in Berlin. No doubt the Ambassador's telegram was sent before this *détente* had taken place. It was quite true, of course, that our relations with the French at the present time were very close, and there were surely grounds for satisfaction at M. Léger's statement that eventual French action would be taken in full agreement with us. That showed that we should, of course, have been consulted and our advice no doubt pondered if a situation had arisen in which the French Government deemed such action necessary. Happily, however, this had not happened. But had it happened it seemed to me that quite naturally, in replying to the French, we should have indicated the view, which I was sure that they would at once have accepted, that the Italian Government should also be informed of our anxieties. At the same time I would not conceal from the Ambassador that the integrity of Spanish territories was a matter of great moment to us. He would remember the insistence we had laid upon this point during recent Anglo-Italian negotiations, and that statement had, indeed, formed part of our exchange of assurances. It was clear that this was no less true of Spanish Morocco, and that we could not possibly be indifferent to the establishment of a Great Power there, nor, I presumed, could Italy. It seemed to me, therefore, that no exception could be taken to M. Léger's language.

3. The Ambassador went on to say that the Italian Government had been somewhat alarmed at the reports of French concentration of troops on the Spanish Moroccan border. There had really been two dangers. The first that of German action, which appeared now to be resolved, the second, that of French action. Had I any information about the justification for French fears or about the reported massing of French troops to which he had referred? I replied that, as to German action, we had no detailed reports. Before Christmas we had actually asked our consular representatives for reports, but these had not come to hand before alarming accounts had begun to be circulated. Now, however, thanks to the invitation of the Spanish High Commissioner at Tetuan, a British ship was to visit that port and to make its investigation. I felt that this public clearing up of the matter was a very satisfactory method of disposing of it. The Ambassador indicated that the Italian Government would much appreciate it if they could be informed of the ultimate results of our investigations. As to the rumours of the concentration of French troops, I replied that this was the first I had heard of them, though I had read in the press of a projected visit by M. Daladier. At the Ambassador's suggestion I made enquiries at once, and told him that we had no information whatever which would justify this rumour. Moreover, I was absolutely confident that there was not the least risk of the French taking any kind of impetuous action in Morocco. On this score I felt no anxiety whatever. From the outset of this Spanish trouble the whole purpose of the French Government had been to do their utmost to prevent the Spanish conflict creating wider international trouble. I knew what was felt in Italy about volunteers having crossed the French frontier, but nobody could dispute the great contribution made to European appeasement by M. Blum in initiating the non-intervention proposals. Therefore, I repeated, I was sure that the Italian Government's suspicions in respect of the French were absolutely groundless.

4. The Ambassador expressed himself as relieved at what I had told him, and added that his instructions had been to tell me that, if the intention of massing French troops on the Spanish Moroccan frontier had been maintained, then he would have to ask me, on behalf of the Italian Government, for some discussion of the subject.

5. I then said that since Signor Grandi had spoken to me on the subject of our new agreement, there were certain comments I wished to make on the subject to him. Our agreement had been concluded, and I was glad of the fact, but none the less it was impossible to conceal from the Ambassador, and he, from his knowledge of British opinion, would be aware that this was true, that there was not as yet any great enthusiasm in this country in favour of it. This was in part due to the very unhappy coincidence that large numbers of Italian volunteers should have landed in Spain almost simultaneously with the publication of our assurances. The Ambassador admitted that there was criticism of the agreement, more particularly among the Left parties here, and that the suggestion was being made that we had secured nothing by it. That was not true, since the Italian Government sincerely desired co-operation with us. It was, in fact, their policy. I replied that I was glad to hear this, but that it was none the less important if we were to improve the atmosphere in this country to try and show some tangible results.

6. In this connexion I drew his Excellency's attention to the Portuguese Government's reply to our note on the subject of volunteers which had been received this morning. I much hoped that the Italian Government would be able to reply in a similar strain. If they could do so that would be a most useful contribution to the betterment of relations between us. The Ambassador maintained that your Excellency had spoken on this subject to Count Ciano, and he understood the latter had referred to 45,000 volunteers alleged to have crossed the frontier from France. I replied that, though volunteers might be going from France, there was this definite difference between the positions of the two countries. The French had undertaken to take measures to stop volunteers crossing the frontier as soon as international agreement on the subject was reached. Moreover, the French Government was actually to introduce legislation into their Chamber this week in order to do this. Was it not possible for the Italian Government to take up a similar position? The Ambassador stated that he appreciated the force of what I had said to him, and that he would do his best with his Government in the matter. A few days ago he had been instructed to see me on this subject of volunteers, and to explain that it was necessary for the

Italian Government to have as many volunteers in Spain as the Germans. He had not, however, made this communication at the time. I rejoined that my information now was that Italy had three times as many volunteers in Spain as Germany. If this were so, they could well call a halt if others would do the same.

I am, &c.
ANTHONY EDEN.

[W 1033/514/28] No. 14.

Mr. Keeling to Mr. Eden.—(Received January 15.)

(No. 16.)
Sir, *Tangier, January 11, 1937.*

WITH reference to your despatch No. 307 of the 22nd December, 1936, I have the honour to forward herewith copy of a despatch No. 12 of the 9th instant addressed to me by Mr. Monck-Mason, His Majesty's consul at Tetuan, and reporting upon various German activities in the Spanish Zone of Morocco.

2. As regards Tangier, the harbour continues to be visited from time to time by German warships, and can be said to be used as a base for refuelling for their tankers. Both the officers and men are particularly fine-looking men, and their conduct has always been most correct. I have had occasion to meet the two German admirals and a number of the officers at the house of my Dutch colleague, who is in charge of German interests here. They evidently feel very bitter that they are not treated on a footing of equality with the other European countries which are represented here, and especially that Germany is not allowed to have a consul, nor the ships to remain more than forty-eight hours on end.

3. I have referred in my telegrams Nos. 1, 2 and 3 of the 9th and 10th instant, and in Mr. Monck-Mason's despatches, upon the reports of landings of German troops in the Spanish Zone. No confirmation of these rumours has been obtainable, nor have I been able so far to discover from what source they originated. The impression here is that they were started by the French authorities. In well-informed local circles it is believed that there are now fewer Germans in Morocco than two months ago. Mr. Monck-Mason is making enquiries regarding the reported landing of German troops at Melilla. My Belgian colleague informs me that he has heard from a reliable source that they did land in uniform. I should point out that Mr. Monck-Mason is considerably handicapped in obtaining information from Melilla, owing to the fact that it is the best part of a two days' journey by car from Tetuan, and during the present crisis it would be very difficult for him to get away for such a long time. Furthermore, owing to the very strict censorship in the Spanish Zone, it would be impossible for his informants either to write or telephone. My French colleague has, during the last few days, been singularly uncommunicative, and I have not been able to obtain from him an exact account of the nature of the protest said to have been made to the Tetuan authorities, except that it was directed against the general increase of German influence in the Spanish Zone.

4. As regards the general statements made in the note from the French Embassy in London, which formed the enclosure to your despatch under reference, to the effect that the Germans have obtained a strong hold upon the mining resources of Morocco, it may be of interest to record that the output of the mineral ore mines, and particularly that of the Minas del Riff, which is being drawn by Germany, is, I learn, no larger than the quantities drawn by Germany in previous years. However, as stated in paragraph 4 of Mr. Monck-Mason's despatch, the Hispano-German Exchange Agreement would appear to have secured for Germany a monopoly of trade with the Spanish Zone.

I have, &c.
E. KEELING.

Enclosure in No. 14.

Consul Monck-Mason to Mr. Keeling.

(No. 12.)
Sir, *Tetuan, January 9, 1937.*

WITH reference to your printed letter No. 112 of the 31st December, received here on the 2nd January, I have the honour to report that, from the information which I have been able to collect, it does appear that German activities in this zone are trending towards obtaining large commercial concessions.

2. My observations lead me to believe that the German consul here is nothing more than the mouthpiece of his Government at Tetuan, the real work of commercial and political propaganda being carried on by the agents of the Hissma and Herr Langenheim here. At Melilla and Larache it seems to be the consular authority that is most in evidence.

3. As regards German political penetration in the zone, I have no opportunity of ascertaining whether there are Germans in the interior among the tribesmen; but I should think it improbable that at this stage any active political propaganda is being indulged in. Activities are rather commercial than openly political, at present.

4. The Germans have begun well in securing to themselves a virtual monopoly of trade with this zone by the exchange agreement (very advantageous to the Spaniards) which has been come to with the Spaniards. I am informed by a prominent local business man that importers are being encouraged to deal with Germany rather than any other country, on account of the favourable terms offered to them.

5. It would appear to the most casual observer that it cannot be wholly to Germany's advantage to accept Spanish pesetas in payment of German goods at a fictitious par rate; and it is reasonable to suppose that Berlin hopes for some gain to counterbalance the present loss on the difference between German imports and exports. This counterbalancing advantage may take the form of concessions, or an increase of the amount of staple materials and metal ore now going to Germany from this country. In any case, it is evident that a strong hold upon commerce in the Spanish Zone of Morocco would follow.

6. Though Sr. Beigbeder, who is virtually the Spanish High Commissioner, and a number of Spanish high officials are notably pro-German, and are probably in the hands of German advisers, I believe that the policy of the Spanish Government (as far as I have had opportunity to observe here) may turn out to be an opportunist one. An Englishman resident here who converses freely with Spanish officers tells me that the authorities are using the Germans and Italians at present because they need them, but are under no illusions as to the sincerity of these temporary allies. These officers add that they know well that it is Great Britain who will be the final arbiter in the present struggle, and she who will make conditions for the granting of the large credits that will be necessary to finance the new Spain.

7. As I reported in a recent despatch, the Germans in this zone have little difficulty in obtaining as much foreign currency as they like for their imports; and Mr. Forde, in a letter which I have just received, gives me details of German commercial penetration in the eastern portion of this zone. During the past two weeks, reports Mr. Forde, four German steamers have called at Larache and landed over 1,000 tons of cargo. The German firm of Renschhausen are able to sell their sugar and flour with a profit of over 20 pesetas a bag, while the retailer has to be satisfied with 1·25 pesetas.

8. Mr. Forde writes that it is common rumour that it is to the Germans that the contract for the new port of Larache will be given when General Franco is victorious. It is, of course, well known that up to the present the major German effort has always been brought to bear upon the Larache district, which is within easy reach of the French Zone. Propaganda agents have always been much more numerous and active there than at Tetuan.

9. From conversation with my German colleague I gather that Germans are labouring under a sense of injustice regarding their treatment in the French Zone, and I understand that it will not be long before the German Government will ask the French Government to accord the same rights and privileges in their zone as those enjoyed by other Powers.

I have, &c.
A. MONCK-MASON.

[W 1034/514/28] No. 15.

Mr. Keeling to Mr. Eden.—(*Received January* 15.)

(No. 17.)

HIS Majesty's consul-general at Tangier presents his compliments to His Majesty's Secretary of State for Foreign Affairs, and, with reference to Tangier despatch No. 16 of the 11th January, has the honour to transmit to him copies of Tetuan despatches Nos. 13 and 14 of the 10th and 11th January, respecting German activities in the Spanish Zone of Morocco.

Tangier, January 11, 1937.

Enclosure 1 in No. 15.

Consul Monck-Mason to Mr. Keeling.

(No. 13.)

Sir, *Tetuan, January* 10, 1937.

WITH reference to press reports and wireless broadcasts concerning landing or preparations for landing of German troops at Ceuta and Melilla, I have the honour to inform you that I saw Sr. Beigbeder this evening and asked him what was the truth of the matter. My French colleague had already done so last night, on his return post-haste from Rabat, and it may be said that M. Serres obtained substantially the same information as myself.

2. Sr. Beigbeder denied emphatically and categorically that there was the slightest intention of allowing either the Germans or the Italians to establish bases in Morocco (he had not mentioned the Italians to M. Serres). There had not been, he said, and there would not be any landing of German or Italian troops either at Ceuta or Melilla, or at any point in the Spanish Zone; if large numbers of German troops should be deemed necessary to stamp out Red resistance, they would be sent direct to Viga or Seville, and not to Morocco.

3. I suggested that, no doubt, the European press agencies had mistaken a few German aeroplane pilots for an army with banners. To this bait he rose handsomely, and volunteered the information that it had been decided by General Franco that Tetuan should not be used as an aeroplane base, and that it was plain for all to see that the aerodrome here was not laid out or prepared to be so used. Sr. Beigbeder was a little shy of defining the quality of the fourteen Germans now at the local hotel, but stated in general terms that many temporary German residents were employed by the Hissma Company. He did not deny that there were a number of Germans who had been drafted into the Legion—this was "legal"—but scouted the idea that 50,000 trained German troops could be disguised as legionaries.

4. Sr. Beigbeder stated that there were about 150 Germans employed at Seville and in the zone (which would include Melilla) either as air pilots or as aeroplane mechanics, engineers, &c. I do not think he used the word "instructors."

5. I ventured to hint that the Germans at Melilla were not chiefly concerned in commercial enterprises, and permitted myself to wonder at the number of German airmen I said I knew to be there. (The Acting High Commissioner appeared not to suspect the extent of my knowledge in this regard.) Sr. Beigbeder proceeded to enlighten me; he said that German pilots would be found at Tauima "whenever" (implying that this was not a permanent condition) there was reason to fear bombardment of the iron mines round Melilla. He gave me to understand that there was some mystery about the Spanish Government squadron in Cartagena; it was not at all certain whether the enemy crews of the ships in that harbour, who were loath to venture forth, might not be replaced by Russians, who were perhaps at this moment engaged in rearming the vessels. I was given to understand, too, that owing to the fear that air or other units from Malaga might attempt to prevent the shipment of ore from Melilla it had been decided to proceed to take Malaga without loss of time.

6. I would here venture to hazard the suggestion that it would be almost impossible for enemy aircraft to render the Melilla iron mines unworkable.

The mine at Uissan, above Segangan, is a surface mine; while the other important mines, the Afra and the "Setolazar," which are adjacent to each other (and use the same line of light railway) at Khemis, in the Beni-bu-Ifrur, are both tunnels under a hill. It seems likely that Spanish solicitude for iron ore shipments and German anxiety to have the ore are jointly responsible for the presence of German defenders at Melilla.

7. The logical reason for the presence of aircraft at Tauima is, of course, the advantages offered by that situation as a base from which raids upon the Spanish Mediterranean ports can be carried out. The idea that the presence of a large number of Germans at Melilla is necessary for the defence of the town and the mines is to some extent a pretext.

8. Sr. Beigbeder said that fears were also entertained that Ceuta might be shelled, and for that reason the defences of the town had been strengthened. He was kind enough to tell me that the artillery defence of the town consisted in six guns of 15 centimetres, no more and no less. Of these three were at Benzu and three on the Hacho. None of these were anti-aircraft guns, he affirmed, and there were no aircraft guns at Ceuta. He was thinking of sending two of these guns to Melilla.

9. The Acting High Commissioner reiterated again and again, with every appearance of sincerity, a cordial invitation to visit Ceuta, Dar Riffien (where there is nothing more than a battalion of Ifni troops), Tetuan, Targuist, or any point in the zone, to any officer or group of officers from Gibraltar, who could come in their own cars, driven by their own chauffeurs, and would be given a safe-conduct to travel everywhere in the zone and allowed every facility to inspect everything in the most untrammelled freedom. He invited a visit from a British warship to Ceuta or Melilla in order that the landing of German troops might be watched. He even suggested that aerial photographs of Ceuta might be taken.

10. M. Serres had told me this morning that the French torpedo-boat *Milan* was due to arrive at Ceuta to-morrow morning (the 11th January), Sr. Beigbeder, however, volunteered the statement that the visit was in response to his own suggestion. In the circumstances it would seem superfluous, and perhaps inadvisable, for me to go to Ceuta to-morrow.

11. Sr. Beigbeder gave it as his opinion that the rumours to which currency had been given had been circulated by the French themselves, and offered me his reasons. It was well known to him, he said, that the French in the neighbouring zone were stirring up Moorish opinion against Spanish rule; and gave me the names of two French officers, MM. Noël and Martini, in proof of his assertion. He also repeated an assertion I have heard before, that the French were fortifying the zonal frontier; and affirmed that observers at Tanacob (about 10 miles to the east of Mexerah, on the Xauen–Dardara–Alcazarquivir track now being built) had, through field-glasses, seen trenches being dug on the French side of the frontier, while he had it from deserters that guns were being placed in position there.

12. There is in the back of my own mind a suspicion that the rumour of German landings and the fortification of Ceuta may well have originated in the fertile brain of my French colleague. M. Serres has for some time past expressed to me his indignation at the advancing tide of German influence in this zone, which certainly threatens to become paramount; and it is not unlikely that he, or those whom he advises, may have thought the expedient of launching an exaggerated rumour an excellent one for awakening public opinion to the danger that the peaceful German penetration of the zone, coupled with the not quite so peaceful settlement of a number of German air pilots at Tauima (Melilla) (and now to a less extent at Tetuan), was one that should be realised while yet not much more than a menace.

In M. Serres' own words, the rumour is probably "une fausse nouvelle très bien organisée."

I have, &c.

A. MONCK-MASON.

Enclosure 2 in No. 15.

Consul Monck-Mason to Mr. Keeling.

(No. 14.)

Sir, *Tetuan, January* 11, 1937.

WITH reference to my immediately preceding despatch, I have the honour to report that I have no means of knowing whether my French colleague did in effect "make a strong protest," of any nature, to the Acting High Commissioner. M. Serres intimated to me that he had asked information and explanation from Sr. Beigbeder. I think the phrase "strong protest" was a loose one.

2. I neglected in my last despatch to make the point that, while Sr. Beigbeder told me last night that it was at his own suggestion that the French torpedo-boat *Milan* was coming to visit Ceuta, M. Serres had given me to understand yesterday morning that the impending visit of the French ship to Ceuta had caused a considerable flutter in the dovecots of the High Commissioner. It is clear that either M. Serres or Sr. Beigbeder is not telling the truth.

3. With regard to the second paragraph of my despatch No. 9 of the 7th, in which I gave 150 as the estimate of the number of Germans at Melilla on that date, I have no means at all of dividing this number into combatant (airmen and aeroplane mechanics) and non-combatant ("Hissma," &c.) elements. I would hazard the suggestion that the majority of them must have an intimate connexion with the aircraft landed at Melilla on the 28th December.

4. I will use what means I have at my disposal to ascertain more on this point.

I have, &c.
A. MONCK-MASON.

[W 1005/514/28] No. 16.

Mr. Keeling to Mr. Eden.—(Received January 14.)

(No. 18.)

HIS Majesty's consul-general at Tangier presents his compliments to His Majesty's Secretary of State for Foreign Affairs and, with reference to Tangier despatch No. 17 of the 11th January, 1937, has the honour to transmit to him a copy of Tetuan despatch No. 16 to Tangier, dated the 12th January, respecting German activities in the Spanish Zone.

Tangier, January 12, 1937.

Enclosure 1 in No. 16.

Consul Monck-Mason to Mr. Keeling.

(No. 16.)

Sir, *Tetuan, January* 12, 1937.

WITH reference to my despatch No. 14 of the 11th, I have the honour to report that the vice-consul at Larache informs me, by a letter dated the 10th, that no German troops have been landed at Larache and that no preparations are being made for such landing. The barracks, he states, are full to capacity with Spanish troops now training in that area.

2. I have seen to-day a British subject resident at Melilla who left that town yesterday, who says that there are many Germans in military uniform at Melilla. They wear a khaki forage cap and a badge, which my informant thinks is a Spanish military badge, on the cap and also on the lapel of the tunic. He says they are all air force men. A large hotel has been requisitioned for their accommodation, and if proof were needed of their military activities, it is the fact that an autobus, presumed to be one of the aerodrome buses, is always at the door of the hotel.

3. My Melilla informant tells me that all lights have to be out in the town at 10·30: there is no electric light all night. He suggested that this might be an economy measure, but this seems unlikely.

4. The *Gaceta de Africa* prints this morning a front page article in large type entitled: "A Note from the High Commission," of which I append a full translation.

5. The *Gaceta* also prints a telegram from Paris to the effect that "the French consul at Tetuan received instructions from the Résident général in Rabat to call upon the Spanish High Commissioner and ask for information .... The French consul visited Sr. Don Juan Beigbeder, and was informed of the total lack of foundation for the rumours of German military penetration in Morocco," with which declaration the French Government was content.

6. Though in the official published note from the High Commission the Valencia Government is made responsible for the rumour, I still feel that it did not originate there, for its truth could be easily disproved. The fact, however, that a French warship has visited Ceuta (whether by invitation or otherwise), coupled with the circumstance that prominence is given in the press to the action taken by my French colleague, bears out my suspicion that it was the object of the French Government to draw attention to German commercial penetration in Spanish Morocco. To quote my French colleague once more, "the French consul at Tetuan has taken the matter up, and so has the British consul, and the Germans know that they have taken the matter up."

I have, &c.
A. MONCK-MASON.

Enclosure 2 in No. 16.

Extract from Tetuan Gaceta de Africa *of January* 12, 1937.

(Translation.)

A Note from the High Commission. Contradicting the Lies of a Certain Press.

THE *Dépêche marocaine* publishes alarming articles about a supposed occupation of the Spanish Zone by troops of other Powers and the energetic protest of the Residency-General at Rabat.

The High Commission denies such absurd rumours, the origin of which is a manœuvre of the dying Government of Valencia and its accomplices to alarm international opinion.

As the occupation of our zone by contingents of troops of another nation is a myth, it is superfluous to say that there has been no protest against such a thing.

The Government of National Spain sustains and maintains article 5 of the treaty of the 27th November, 1912, not only out of respect for international agreements but also out of love for its Moorish brethren.

Our sentimental Protectorate is considered by Spain as a providential and historic mission of which she is proud.

[W 1625/514/28] No. 17.

Mr. Keeling to Mr. Eden.—(Received January 23.)

(No. 36.)

HIS Majesty's consul-general at Tangier presents his compliments to His Majesty's Secretary of State for Foreign Affairs, and, with reference to his despatch No. 35 of the 18th January, 1937, has the honour to transmit to him a copy of Tetuan despatch to Tangier No. 29, dated the 18th January, respecting a visit of H.M.S. *Vanoc* to Ceuta and Melilla.

Tangier, January 19, 1937.

Enclosure in No. 17.

Consul Monck-Mason to Mr. Keeling.

(No. 29.)

Sir, *Tetuan, January* 18, 1937.

I HAVE the honour to report that on the 13th I went to Ceuta to meet H.M.S. *Vanoc*, and accompanied Commander Sherbrooke on his official visits to General Lombarte, the captain of the port (in charge of the naval forces), and the Spanish warship *Canarias*. We were taken to see the military quarters at Dar Riffien.

2. General Lombarte, who received us courteously, repeated to us the assurance already given by Sr. Beigbeder, that the whole major armament of Ceuta consisted of six 15-centimetre Vickers guns, of which three were on the hacho and three at Benzu, within the limits of the State territory. He admitted that there were a number of machine guns and Oerlikon guns (with which practice was made that evening, no doubt for our benefit) and some field guns mounted on wooden platforms in such a way as to give them elevation.

3. General Lombarte was anxious that we should see anything we wished to see, but my suggestion that we might, as a formality, be allowed to view one of the batteries was met with a decided negative. This privilege, said the general, was one that had not been given even to their German and Italian coadjutors. I seem, however, to remember that Sr. Beigbeder had promised me that even a sight of the Ceuta batteries would not be denied British military observers. The impression I gained was that we had not been put in possession of all the facts, though I am sure that there exist, at present, no large guns at Ceuta.

4. It is also obvious to me that no preparations are being made for the accommodation of large numbers of foreign troops at Ceuta. There are, however, newly-built blocks of workmen's dwellings, near the port and at the entrance of the town on the south.

5. On the morning of the 14th, Commander Sherbrooke, accompanied by the official interpreter carried in H.M.S. *Vanoc*, came to Tetuan. I went with the commander to call upon the Acting High Commissioner. The latter received us with ceremony, and the guard was turned out to do us honour. Sr. Beigbeder thanked me warmly for what he was pleased to call my courtesy in asking his permission to state that the visit of H.M.S. *Vanoc* was made at his invitation. It would, he wished me to think, have been a very serious matter if a misunderstanding had been allowed to exist on this point.

6. It is superfluous to say that Sr. Beigbeder repeated, and repeated *ad nauseam*, his former asseverations. He denied roundly that German officers were taking an active part in the military administration of the Spanish Zone, that German troops had landed or were to land in North Africa, and, most especially, that General Franco's Government had the slightest intention of placing the zone in the hands of foreigners. Again and again Sr. Beigbeder offered complete freedom to any British officer who cared to visit the zone from one end to the other.

7. Sr. Beigbeder, in answer to a question, said that the Germans now at Tetuan all belonged to the Hissma organisation, who were studying the possibilities of trade with Germany, with special reference to the products of the zone. There might, he said, be a few legionaries; this was, however, "legal."

8. The Acting High Commissioner returned Commander Sherbrooke's visit by sending a colonel of his staff on board H.M.S. *Vanoc*. The intercourse between the authorities and ourselves was marked throughout by cordiality, and no resentment was felt, I think, at the visit to these waters of a unit of His Majesty's navy. It was no doubt realised that none of the accusations made of German activities could be proved, while a knowledge of the facts which I have since ascertained and reported in my immediately preceding despatch could easily be kept from us for the present.

9. H.M.S. *Vanoc* anchored outside the port of Melilla at 8 on the 15th, and visits to Colonel Sánchez López (the military commandant) and to the captain of the port were made in the morning. The colonel stated that there were no preparations to receive German troops either at Melilla or in the interior. The Germans now in the town or at Tauima were of the air service, and there purely for the defence of the town, and especially the iron mines and the mineral jetty in the port. We did not enquire from him as to the artillery defences of Melilla, this not being part of our mission.

10. Colonel Sánchez gave us to understand that the number of Germans in the Melilla area varied considerably from day to day, and this statement was borne out subsequently as the result of enquiries made in other quarters.

11. As regards the alleged arrival of a number of Germans on the 28th, the English manager of the Afra mine, who had already given me reliable information on another occasion, told me that three lorry loads of German volunteers had been taken up to the military headquarters at Segangan. Half of them had been drafted into the regulares and half to the legion at Tauima. This cannot be confirmed, but it seems possible.

12. I have already reported the air raid on Melilla which took place on the 12th. Mr. Stewart, whom I have just quoted, thinks that the Spanish assertion that the German pilots are in the Melilla area for reasons of defence is a tenable one; but it is not the only reason for their presence there in fluctuating numbers.

13. Melilla, he thinks, is a base for arrivals of planes from Europe via Rome or Sardinia, as well as a jumping-off point and fuelling base for insurgent raids on the Mediterranean Spanish ports. The greatest number of planes at Tauima and Afalayon (hydroplanes) at one time was sixty-five. Two months ago sixty planes were coming and going all night between Tauima and Cartagena. Mr. Stewart could not tell how many Germans there were at present at Melilla and at the two air bases. Probably 150 would be a conservative estimate; in any case the time at our disposal was much too small to allow of satisfactory investigation of this important point.

14. There must be not less than seventy or eighty in Melilla (an independent observer from H.M.S. *Vanoc* failed to see a single German in the street, and it was understood all of them were on a visit to Tauima) besides an unknown number at the air bases. At the air bases they evidently are the masters; and all access to either aerodrome (besides to the hotel where they are lodged in Melilla) is very strictly *verboten*.

15. The Italian destroyer *Antoniotto Usodimare* was lying outside the harbour, and had been there for a week; no one knew why.

16. In the afternoon of the 15th, after we had lunched with M. Ribes, the French vice-consul, who is in charge of British interests at Melilla, Commander Sherbrooke, another officer from H.M.S. *Vanoc*, Mr. Salama and myself were taken to visit the mines Española del Riff, and afterwards to the barracks of the regulares at Segangan, where we were regaled with Moorish tea. I cannot help thinking, now, that this excursion was planned with a view to seeing that we got into no mischief and saw nothing we were not meant to see.

17. At Segangan I saw from the other side of the parade ground 200 or 300 Moors, not yet issued with uniforms, going through their first exercises. The officer in charge told me these came from the surrounding tribes; he added that the resources in man-power of the Riff had hardly been tapped.

18. He did not mention that the rhythm of recruiting is now much slower than before, and that all the men the authorities were able to get were the Moorish workless. No one in regular employment at the mines could be persuaded to go.

19. It is still less easy to persuade Spaniards in Melilla to join the colours. It can hardly be emphasised too strongly that Melilla is probably the "reddest" town in Spain. I was amazed to see the same crowd of loafers thronging the streets and shuffling along the dock quays as there were in June last. Any attempt to enrol these men by force would be dangerous. As it is, my informants calculate that 60 per cent. of the local Falange are as "red" in spirit as their brethren out of uniform. A number variously estimated as 1,200 to 2,000 Syndicalists are in prison, and some of the Fascist leaders have been shot quite recently. Colonel Sánchez, who comes from Villa Sanjurjo, and has a good reputation as an administrator, is said to have begun by being too lenient, but has latterly begun to mend his ways.

20. The recent amnesty has done nothing to convert men. Three of the victims of the recent air raid, who had been released only a few days ago, were found to have Communist newspapers on their persons. This is not surprising, when Red literature circulates even in the prison at Larache.

21. It is said that Ramón Franco, the brother of the *Generalissimo*, has twice appeared at Melilla in a scarlet aeroplane, receiving a cold reception from the authorities.

22. As regards the activities of the Hissma at Melilla, little could be ascertained in the time. It is known, of course, that all the iron ore now shipped goes to Germany. Thirty-three German ships (some quite small) visited Melilla in December, and about 60,000 tons of ore were shipped to Rotterdam.

23. The reports of the origin of aeroplanes were conflicting. An independent informer said that the hydroplanes were Italian, but this was denied from other sources. It appears, however, that the British steamship *Endymion*, Captain Verano, brought 200 drums of special benzine for the Italian air base on the 4th January. On the 18th December an Italian ship of 1,373 tons, marked "military" in the port registers, brought munitions.

24. The information that could be gathered about artillery defence in the Melilla district was meagre. Six 6-inch guns are reported by my English informants to be at Rostrogordo, inside the zonal limits, and it is believed that there are other guns in the neighbourhood of Tauima. There are no anti-aircraft guns.

25. There is some talk of a new type of aeroplane, German, being brought to Melilla; it is said to be of a faster type than a chaser, and designed to deal with hostile chaser planes.

26. As a sequel to the shipment of every available shell to the mainland, in the earlier days of the struggle, it is interesting to note that there appears to be some signs of ammunitions (not guns as yet) reaching the zone now from outside. One of my Melilla informants spoke of ammunition being taken to Targuist overland from Melilla and hazarded the suggestion that artillery might have been moved up to that section. Coupled with General Lombarte's spontaneous assertion to me a few days ago that no war material had been landed at Ceuta, there is reason to suspect that something is taking place.

27. That the situation which has brought an influx of German military technicians to visit points in the interior is a recent one may be deduced from the cordiality with which Sr. Beigbeder welcomed, about two months back, the idea of a British company working a quarry in the Nekor Valley, near Villa Sanjurjo. It will be interesting to see whether obstacles will now be opposed to the erection of machinery in that part of the zone (see Foreign Office despatch No. 1 of the 1st January, 1937). From the rapidity with which events seem to be moving it would seem that the Spanish authorities have real reason to fear French aggression, though they have for a long time had reason to suspect French intentions.

28. I heard in Melilla a rumour that Abdel-Krim was to be allowed to return to the French Zone of Morocco. My French colleague said this was exaggerated; there was some possibility of his settling in France.

I have, &c.
A. MONCK-MASON.

[W 1615/514/28] No. 18.

Consul-General Hurst to Mr. Eden.—(Received January 23.)

(No. 7. Confidential.)

Rabat, January 14, 1937.

Sir,

FOREIGN OFFICE despatch No. 200 of the 16th November last instructed me to report any information in my possession regarding the contemplated grant of autonomy to the Spanish Zone of Morocco, and alleged negotiations between the Burgos Government and the Moors of that zone with such an object in view.

2. The broadcast address of General Queipo de Llano on the 12th October, in which he held out vague hopes of Moorish independence, was allowed to pass almost unnoticed here; it was given no prominence in the local French press (a vernacular press does not exist) or in any other form, and was obviously not taken very seriously.

3. Having no concrete information on the subject, I arranged, on the pretext of a general conversation with either the Resident-General or the délégué regarding recent developments in the Spanish Zone, to pay a visit to the délégué on the 11th January. I informed M. Morize that, as he would know even better than I, our Governments had been and continued in close collaboration and

consultation regarding the German infiltration into Spanish Morocco, and that I thought that he might have no objection to my having an occasional talk with him or some other senior Protectorate official on the situation as viewed from the local standpoint of the French Zone; he might be in possession of supplementary information which he considered could usefully be communicated to His Majesty's Government. M. Morize said he considered the idea a good one, and proceeded to read to me confidentially and to comment on much of a lengthy despatch of the 9th January from the French consul at Tetuan reporting the result of an interview he had just had with Colonel Beigbeder, acting on instructions from his Government.

4. It is probable that His Majesty's Government will already have been acquainted through other channels with the gist of M. Serres' account of his interview and of the denial given him by the Acting High Commissioner as to the presence in the zone of considerable bodies of Germans and his assurances as to the future. Of interest was his statement that, had General Franco's Government wished, they could have accepted in Spanish Morocco an elaborate Italian assistance long before Germany came into the picture there, while what he said as to Spain having no intention of giving up her zone, and that, while it was easy to get Germans and Italians out of Spain, it would be a very different proposition to get them to quit Spanish Morocco, had the ring of sincerity.

5. Turning to German propaganda, M. Morize mentioned the circulation in the Spanish Zone of an abridged Arabic translation of *Mein Kampf* with a photograph of its author and of metal badges in which the Shereefian flag was flanked by the German, Italian and Spanish Nationalist colours. Propaganda in the French Zone had not got beyond an occasional swastika or "Vive Hitler!" chalked on walls in the native quarters.

6. As regards recruiting, some attempts had been made to entice French-protected Moors soon after the outbreak of the civil war—some 500 had perhaps gone over—but they had subsequently dropped, unless one includes the conscription of certain nomad tribes along the borders of the Ifni enclave who were of doubtful allegiance. Recently, however, there were some signs of a renewal of these efforts.

7. M. Morize did not believe that the Burgos Government had any serious intention of granting autonomy to the Spanish Zone. The recent handing over of the Habous administration was a platonic and harmless gesture. It was his opinion that, if the Nationalists won, they would still find Spain restive and nervous for long years to come. He considered it, therefore, very improbable that they would relax their grip on a territory which was for them an important storehouse of troops.

8. I am sending a copy of this despatch to His Majesty's consul at Tangier.

I have, &c.
L. H. HURST.

[W 2180/514/28] No. 19.

United Kingdom Delegate to Foreign Office.—(Received February 1.)

(No. 31.)

THE United Kingdom delegate to the League of Nations presents his compliments, and has the honour to transmit a copy of a minute by Mr. Strang (with annexes) respecting Morocco, dated the 28th January, of which a copy has been sent to Paris.

Geneva, January 28, 1937.

Enclosure in No. 19.

Minute by Mr. Strang.

Secretary of State,

M. VIENOT, the French Parliamentary Under-Secretary for Foreign Affairs, spoke to me at some length yesterday about the question of Morocco.

He said, first, that he proposed shortly to raise with Sir G. Clerk the question of the Capitulations in Morocco. As Egypt was about to liberate herself from the capitulatory régime, it was only fair that Morocco should do likewise. The system was out of date and unsuited to modern conditions, and was a source of considerable embarrassment to the French authorities in the protectorate, not merely from the point of view of administration but from that of security. It facilitated the subversive activities of Franco and the Germans. The United States Government, he said, would be approached at the same time.

He then said that he and M. Delbos were much concerned at the reference to Morocco in President Azaña's speech at Valencia on the 21st January,(') and at the remarks made on the same subject to him by Sr. del Vayo at Geneva.

On comparing notes, we found that Sr. del Vayo said the same thing to M. Viénot as to the Secretary of State (see Geneva telegram No. 7, Saving, of the 23rd January(')), except that he had been rather more explicit in his remarks to the former.

M. Viénot thought that Sr. del Vayo's references to Morocco must be taken as a warning that, unless France and Great Britain are prepared to collaborate closely in the future with a Republican Spain (in which case they may expect to enjoy a share of influence in the Spanish Zone in Morocco), they must not expect Republican Spain to be in a position to keep the Germans or Italians out of that zone. Sr. del Vayo had also vaguely adumbrated to M. Viénot (and Sr. de Azcarate had done the same to M. Massigli) a suggestion that the establishment of French and British influence in the Spanish Zone might be secured as part of a larger arrangement with Germany in the colonial sphere at some future date. I said that Sr. del Vayo had not gone as far as this in his conversation with the Secretary of State.

M. Viénot then emphasised that neither Germany nor Italy had any claim to exercise influence in Morocco. Germany had lost hers in the Treaty of Versailles and Italy had resigned hers at the time of the Italo-Turkish war. France had residuary rights over the whole territory of Morocco, including the Spanish Zone. France, he said, would never permit the establishment of German or Italian influence in Morocco. The strength of feeling of French opinion on this point had recently been signally demonstrated. While the Mediterranean coast of the Spanish Zone was of vital interest to France, Tangier and Ceuta were a matter of concern to His Majesty's Government. The two Governments ought to begin thinking very carefully about Morocco, because the question was certain to arise in an acute form in a not very distant future. If Franco won, Germany and Italy would have to be paid for their services, and this could best be done in Morocco. If, on the other hand, the Government won, we had had a warning that they might throw their hands in and leave the Spanish Zone to its fate.

(Signed) W. STRANG.

Geneva, January 28, 1937.

Annex 1.

British Delegation, Geneva, to Foreign Office.—(*Received January* 24.)

(No. 7. Saving.)
(Telegraphic.) Extract. *Geneva, January* 23, 1937.

FOLLOWING from Secretary of State :—

" Spanish Foreign Minister came to see me this afternoon and said he wanted to speak to me on a matter which had been on his mind for some time.

" The international importance of Spain had not, he thought, been sufficiently realised in the past. For this, no doubt, the Spanish people themselves had been partly responsible. Germany and Italy had been quicker to appreciate this aspect

(') Extract annexed.

of the Spanish situation than others and, indeed, had it not been for their action, General Franco would never have made his appearance at all.

" The point he wished to make was the need for close political and economic collaboration between Great Britain, France and Republican Spain in the future. Much would depend, he admitted, on the character of the régime that would be established after the civil war if the Government forces were victorious. He had no doubt himself that what would emerge would be a moderate Socialist Government on a wide democratic basis. There had been an evolution in this sense already. He had himself been largely responsible for the inclusion of the anarchists in the Government, because he had clearly seen that it was necessary either to fight them or to co-opt them. Since then the anarchist Ministers and their followers had abandoned their pet theories, in practice at any rate, and had recognised the necessity for loyal collaboration with the moderates in the general interest. The extreme Left trade unions had lost heavily in membership, while the moderate unions had correspondingly gained. This tendency would be promoted if there was a prospect of close political and economic relations between Republican Spain and Great Britain and France.

" There were a number of spheres where such collaboration would be of advantage. If Spain were left in isolation, it was unlikely that the militia-men, having won the civil war, would be prepared to fight a new campaign for the reconquest of Morocco. But if Spain could form part of a Western European group, it might be possible to make some kind of new arrangement about Morocco which would safeguard the interests of Great Britain and France, as well as those of Spain, against Germany and Italy. There was also the question of raw materials, in which Spain was rich, and the work of reconstruction after the war, as well as such purely military questions as the use of Spanish ports and aerodromes. It was in any event certain that, after the war, Republican Spain would renew her vigour and become a strong military Power with a disciplined people, and one to be counted with in international affairs. She would not be under the domination of any foreign Power.

" Finally, Sr. del Vayo said that he had merely wanted to develop his ideas to me so that I might know what his policy and his aspirations were. He would not ask me to express any opinion.

" I thanked him, and paid a tribute to the services rendered by Sr. de Azcarate in London."

(Repeated to Valencia. No. 1, Saving, and Paris, No. 2, Saving.)

Annex 2.

Extract of Speech by President Azaña at Valencia, January 21, 1937.

LA rébellion militaire espagnole a assumé, dès le premier instant, le caractère d'un très grave problème international. Et j'ajouterai, au risque d'énoncer ainsi un paradoxe, qu'avant ce premier instant—je veux dire avant que le fait physique de la rébellion ne vînt à la lumière—nous étions tous persuadés que si l'on n'avait pas procédé à un intense travail international, la rébellion militaire espagnole n'aurait pas éclaté. A mon avis, la rébellion militaire espagnole s'élève, de deux manières, au rang d'un grave problème international. D'un côté par son origine marocaine, du moment qu'elle a choisi la zone espagnole du Maroc comme point de départ, comme dépôt et comme base d'opérations, et de l'autre par l'aide en fournitures et en contingents armés que certaines Puissances européennes ont fournie et continuent à fournir à la rébellion. En ce qui concerne le premier aspect, il faut avouer que tous les Gouvernements de la République, dès l'instant où le soulèvement éclata, lui ont prêté une attention minutieuse, plus que l'opinion publique en général. Le fait est bien clair : dans la zone du protectorat espagnol, au Maroc, les militaires chargés de la protéger et d'aider le Gouvernement dans son protectorat se soulèvent contre le Gouvernement légitime de la nation protectrice et ils ne se bornent pas à venir personnellement combattre sur la péninsule, mais, en plus des unités péninsulaires cantonnées là-bas, recrutent des soldats parmi les troupes indigènes, ils amènent les Maures, et transforment ce qui était une expansion de l'activité politique de l'Espagne et l'accomplissement d'un compromis international, en une base d'opérations contre le Gouvernement légitime de la

République. Tel est le fait qu'il faut mettre en relation avec la situation de droit.

Le Maroc est un État étranger pour nous. La souveraineté sur le Maroc revient au Sultan. Le Sultan entretient dans notre zone un calife, lequel, comme son nom l'indique, est le délégué du Sultan, son émanation dans le domaine politique et religieux. Les décrets se promulguent en son nom avec l'assistance d'un haut-commissaire espagnol et toutes les forces que l'Espagne entretient ou subventionne à travers le Majzen sont des troupes qui se trouvent placées sous les ordres du protectorat, pour les fins du protectorat même et non pour autre chose. Le fait que les troupes du protectorat, que les sujets marocains qui ne sont pas espagnols, que le calife, représentant du Sultan, qui n'a pas pu mettre en doute la légitimité du Gouvernement espagnol, qui sait que ce Gouvernement est le Gouvernement de la République, je dis que le fait que le calife, qui se trouve entre les mains des rebelles ou prisonnier ou traître, consent à cela est non seulement contraire aux lois espagnoles, mais également à tous les traités et pactes internationaux en vertu desquels l'Espagne est au Maroc.

L'Espagne est établie au Maroc en vertu du Traité d'Algésiras et des traités et pactes complémentaires. Il n'y a pas lieu d'examiner ici pourquoi elle y est. Mais nous sommes installés là-bas en vertu de ce fait et pour accomplir une mission déterminée, et le fait que l'on permet ou dissimule que les autorités du Majzen accordent une approbation tacite au transport de troupes marocaines en Espagne constitue une agression contre les traités internationaux, une violation des pactes en conformité desquels nous sommes établis au Maroc, en plus qu'il constitue une attaque contre le Gouvernement de la République. Vous savez quels sacrifices l'Espagne s'est imposés pour maintenir son protectorat au Maroc.

Nous ne voulons pas discuter cette politique maintenant. Vous savez avec quels scrupules les Gouvernements espagnols ont voulu maintenir le protectorat au Maroc et de quelle manière les Gouvernements républicains cherchèrent à transformer l'action de l'Espagne dans le Maroc, en lui enlevant son esprit de conquête et en la rendant plus conforme aux intentions de la République et cela pour les fins véritables du protectorat. Notre pays s'est imposé, dans ce but, des sacrifices immenses qui auraient suffi, s'ils avaient été utilisés à l'intérieur du pays, à favoriser le développement d'une grande partie de nos provinces. Mais du Maroc nous n'avons récolté que des ennuis, tantôt une dictature, tantôt une rébellion militaire, et je me demande si le jour ne va pas arriver, rapidement, où l'opinion publique espagnole s'adressant à son Gouvernement lui demandera : " N'est-il pas temps de mettre un terme à une situation outrageante, nocive, situation qui fait fi des traités internationaux, situation créatrice de difficultés pour les Puissances signataires du Traité d'Algésiras? " Il n'y a pas autre chose dans la rébellion militaire espagnole provoquée et déclenchée du Maroc.

Il ne m'appartient pas d'approfondir davantage le problème ni de lui chercher une solution, ni de l'énoncer en termes plus nets. Le problème existe, le Gouvernement espagnol le sait, l'opinion publique également. Nous nous rendons compte de sa difficulté mais il serait vain de supposer qu'il va dormir éternellement, enfoui sous les événements les plus violents de la rébellion, sans que la République espagnole, qui a des droits sur le Maroc et qui peut faire état de ses droits, ne prenne, à la fin, la décision adéquate.

[**W 2529/827/28**] No. 20.

Consul-General Hurst to Mr. Eden.—(*Received February 5.*)

(No. 14.)

Sir, *Rabat, January 27, 1937.*

IN my despatch No. 134 of the 21st November, 1936, I had the honour to report on certain Moorish Nationalist disturbances which had occurred simultaneously in Fez, Casablanca and Rabat and Salé on the 17th of that month and on the sentences passed on various manifestants.

2. The disturbances have not been repeated, and the participators, who were sentenced to varying terms of imprisonment which had not expired, were all released in time to celebrate in their homes the festival of the Id-al-Seghir which marks the end of the month of Ramadhan.

3. This act of clemency has been followed by the grant of permits for the publication of two daily and two weekly papers in Arabic, the *Maghreb*, the

Amal, the *Ouidad* and the *Atlas*. Hitherto the vernacular press had been confined to the one spoon-fed illustrated paper the *Saada*, appearing three times a week, and it will be recollected that a free Arabic press formed one of the demands of the agitators of last November.

4. The Resident-General is also paying special attention to the material requirements of the native population, many of whom are, after the failure of two successive harvests and with steadily rising prices, suffering from grinding poverty. The abolition of the markets tax, offset though it largely was by increases in the consumption duties on such commodities as sugar, tea and candles, was reported in my despatch No. 149 E. of the 30th December last. So too was the allocation of 30 million francs for native education and general assistance and health services. Soup kitchens serve meals daily in Rabat and other towns, and a sum of 2,000 fr. a day has been temporarily allotted to the authorities in Fez for relief distribution among the most needy.

5. Although the measures hitherto carried out scarcely do more than scratch the surface, they have won some meed of approval from the malcontents in Fez and other towns, who are waiting expectantly for more, both in the field of economic assistance and in that of political evolution. General Noguès is no doubt well aware of the latent dangers of the present situation and prepared to extend, within the limits set respectively by finance and prudence, the measures upon which he has already embarked.

6. A series of local strikes in Fez and other localities has characterised the past few weeks. Passenger transport services, bakers and builders have been among the trades affected, but the strikes have not been of long duration or wide extent. Several hundred Moorish workmen at the Khouribja phosphate workings downed tools last week. The situation was at first regarded with some alarm and troops were drafted there. It is now, however, again almost normal.

I have, &c.
L. H. HURST.

[**W 2530/514/28**] No. 21.

Consul-General Hurst to Mr. Eden.—(*Received February 5.*)

(No. 15.)

Sir, *Rabat, January 28, 1937.*

WITH reference to my telegram No. 1 of the 23rd instant, I have the honour to report that I took the opportunity of a visit to Fez on the 24th of this month to return to Rabat via Ouezzan. The middle section of this road runs for 50 or 60 miles parallel to and at but a short distance from the frontier between the French and Spanish Zones, and I nowhere encountered any movements of troops or signs of other military activities.

2. There are some grounds for believing that the French have recently brought certain reinforcements up north from Southern Morocco: their number is probably not considerable. That they should so do is perfectly natural and normal, and may well be inspired by more than one motive: not only apprehensions, exaggerated though they perhaps be, arising from German infiltration across the zonal border and a display of preparedness intended as a warning, but also uneasiness lest the frontier tribes should be aroused by agitators or numbers enticed across to the Nationalist ranks are probably amongst them.

3. I am unable to share the opinion expressed by His Majesty's consul at Tetuan in his despatch No. 28 of the 18th January, 1937, to His Majesty's consul-general at Tangier that the menace of a French invasion from the protectorate, however convenient a pretext it may afford for the increased German military activity of which he speaks, exists at present. Nor, to my mind, is it likely to arise save in circumstances far graver than those now obtaining.

4. I am sending a copy of this despatch to His Majesty's consul-general at Tangier.

I have, &c.
L. H. HURST.

[W 3020/4/28] No. 22.

Mr. Rowe-Dutton to Mr. Eden.—(*Received February* 13.)

Sir, *Tangier, February* 7, 1937.

WITH reference to Mr. Roberts's letter of the 8th January, 1937, containing instructions for my guidance as British representative on the committee set up to consider the financial position of Tangier, I have the honour to transmit herewith a report on the work of the committee up till the time when, in accordance with the instructions contained in your telegram No. 8 of the 5th instant to Mr. Keeling, I was compelled to discontinue further participation therein.

2. In view of the fact that no formal terms of reference were given to the committee—and I did not feel it in any way expedient to press for them—the report covers a somewhat wide scope, and looks as much to the future work of the committee as to the progress actually recorded up to the present time. I have not hesitated to record various opinions and suggestions, in spite of the fact that after the lapse of only a week the data available have sometimes been insufficient to support a fully considered judgment.

3. I have handed copies of the report to His Majesty's consul-general at Tangier, and I take this opportunity of expressing my gratitude for the ready assistance which he and his staff have throughout placed at my disposal since my arrival in Tangier.

I have, &c.
E. ROWE-DUTTON.

Enclosure in No. 22.

Report on the Work of the Committee of Experts at Tangier, January 30-*February* 6, 1937.

(Confidential.)

OWING to stress of weather the P. and O. liner on which I was travelling refused to put in at Tangier on Monday, the 25th January, as anticipated, and disembarked Tangier passengers at Gibraltar. It was too stormy for the Gibraltar–Tangier boat to cross, and no assistance was forthcoming from naval units. I was accordingly forced to remain at Gibraltar until Friday, the 29th January, on which date the Gibraltar–Tangier boat resumed its service, and I reached Tangier on the evening of that day.

2. The Committee of Experts met on Saturday, the 30th January, and was welcomed by the Dutch consul-general as president of the Committee of Control, and by M. Le Fur, the French Administrator-General. It was then left to its deliberations, and I was elected president of the committee on the proposal of the Italian member. The French member was reluctant to have any chairman at all, and suggested the possibility of a rotation of chairmanship, but I overbore these objections in private conversation, and he finally assented, somewhat unwillingly.

3. The opening sessions were devoted to hearing an *exposé* by Mr. Dicken, Assistant-Administrator in charge of finance, on the general budget situation, who was followed by M. Le Fur, who gave a brief account of the general framework of the Administration and of the relevant provisions of the Tangier Statute.

4. From the beginning it was evident that the French representative would insist on making the closest possible enquiry into the details both of expenditure and revenue, and it was decided that the expenditure chapters of the budget should first be examined. Meanwhile, during the intervals in which the committee was not sitting as a whole, individual members should prepare for further examination by visits to branches of the Administration. The French representative, in particular, was charged with the duty of obtaining from Mr. Dicken detailed tables showing the development of expenditure and of revenue during recent years. I availed myself of the opportunity to obtain first-hand acquaintance with the system of assessment and collection of revenue, spending a considerable time with Mr. Micklem, the treasurer, and M. Angelini, who is charged with the Department of " Conservation " (mainly registration and stamp duties), and in forming other contacts.

5. At the first meetings on the expenditure chapters of the budget the committee called before it the (French) Engineer of Public Works and the (Spanish) Municipal Engineer. It appeared obvious that considerable economies were possible in these services, and the Italian and Spanish members of the committee went jointly to review on the spot the number and arrangements of the motor vehicles owned by Tangier. Further sessions were devoted to the Tourist Office and the Health organisation.

6. The above method of work made the beginning stages somewhat slow. It was, however, a necessity to allow the French member of the committee to satisfy himself of the possibilities of economies in expenditure or increases in taxation before he would be willing to take into consideration the question of any reduction in the statutory charges. It may at this point be convenient to record his attitude. M. Panié has all the advantages of the training of the Inspection des Finances in France, namely, of a passion for detail and thoroughness, combined with an objectivity extending at least to technical questions of a financial character. He neither speaks nor reads a word of English. In private conversation he has insisted that the first question is the possibility of balancing the budget by natural means. Only when he has satisfied himself (and, one may assume, is in a position to satisfy the Governments of the Protectorate and of France) that no more can be achieved by direct action, will he be brought to admit that more radical measures are necessary, and he insists that such a question is entirely hypothetical at the present stage. He has been very careful not to commit himself; the furthest point which I have been able to reach with him is that the budget must be balanced by natural means; that subsidies from France and Spain are unnatural, and that in the last resort it is for Tangier to negotiate with the competent authorities for a reduction in the statutory charges. This may be due to the caution in financial matters which is part of his training. While I have not disguised from him my view that success in our mission almost inevitably involves heavy reductions in the statutory charges, I have not felt in a position to insist on a definite answer at the present stage until it is more clear what economies and taxation can be proposed.

7. Neither the Spanish nor the Italian representative has anything comparable with the experience or strength of personality of M. Panié. Signor Piserchia does not disguise his wish to suggest revisions of the statute on the one hand, or an Italian contribution on the other. Sr. Botella is so rigid in his opposition to any revision of the statute that he regards even a voluntary waiver of claims arising under the statute as tantamount to a revision. While arguing his case with ability, he appears to be bound by instructions and in no way open to conviction. Both the French and the Spanish members are strongly opposed to an Italian contribution, and my only effective weapon, apart from argument, has appeared to be to *threaten* to make a British contribution, which would inevitably entail an Italian contribution also. I should add that the Dutch consul-general holds out no hope of a contribution from Holland, the Dutch Parliament having been told, when it agreed to adhere to the statute, that no financial liability would be involved, while the Belgian consul was at pains to inform me that as recently as last summer his Government had reiterated their refusal to make a financial contribution.

8. So far then as this aspect is concerned, my present impression, and I venture to emphasise that matters have still not yet crystallised, is that the detailed investigations should go a considerable way towards minimising the deficit on the Tangier budget, and that the French argument in insisting on taking this stage first is both logical and, given the circumstances of the case, insurmountable.

9. The extent to which a deficit will remain is still a matter on which I am not prepared to give an opinion. The documents supplied to me before my arrival in Tangier give very little impression indeed of the real state of affairs. In the first place, the annual budget surplus, if any, is transferred to a Reserve Fund, which serves to finance " Part II of the Budget," which is spent upon works of new construction essentially for the development and embellishment of the town. According to the amount accumulated in the Reserve Fund the Assembly passes special legislation authorising these new works to be undertaken. The Reserve Fund also meets the deficit, if any, on the ordinary budget. In no year has the programme of new works been completely abandoned. Thus even through recent years when Tangier has been suffering from budgetary difficulties, money has nevertheless been found to continue, even though on a reduced scale, plans which, if not ambitious, are at least ample. But these new works are

to some extent at least optional. A complete cessation of development may be impossible, but I have formed the definite impression that the rate of development could be slowed down very considerably without appreciable harm, especially since so much has already been done. Examination of the ordinary budget itself shows many instances of extravagance, amounting in certain cases to reprehensible expenditure. On the revenue side I have formed the impression that Tangier is extremely lightly taxed. Although there is little room for increased taxation affecting the poorer classes (to which my Spanish colleague is violently opposed) there is certainly room for considerable increases of taxation of the richer members of the community, though the committee has not yet reached the stage of considering detailed recommendations. There is also room for tightening up legislation to prevent fraud on the one hand and legal evasion on the other. Although, as stated above, I am not in a position to translate the above into figures, I can place on record my conviction that the possibilities of self-help on the part of Tangier are much greater than I had anticipated before my arrival.

10. The difficulty hitherto experienced in securing such self-help is no doubt due to weaknesses inherent in the constitution of Tangier as laid down by the statute. I cannot here record the instances brought to my notice of self-seeking of all kinds on the part of those whose business it should be to consider the welfare of the zone. But I cannot disregard the numerous charges made against the Assembly of legislating, even in defiance of the recommendations of the Administration, in defence of private or national interests. The restraint exercised by the Committee of Control is in a sense negative, and the hope was freely expressed to me that the Assembly would be forced, if the Committee of Experts produced a unanimous report, to accept its conclusions under pressure of the Committee of Control, which, instead of merely vetoing legislation proposed by the Assembly, would then be in a position to enforce a programme of a positive character.

11. In this connexion I venture to put forward a suggestion, which I have been able to discuss so far only with His Majesty's consul-general and with the Dutch consul-general, who is now president of the Committee of Control, namely, that the latter should have attached to them an independent officer as their secretary or financial adviser, whose duty it should be to examine and report upon all legislation submitted for the approval of the Committee of Control with the fullest powers of direct investigation into the various departments of the Administration concerned. The Committee of Control is, in fact, endowed with powers which, in the inevitable absence of any real capacity for detailed or technical investigation, it cannot exercise to the full extent necessary for the benefit of the zone.

12. In the Administration itself it is only too obvious that international jealousies and self-seeking have brought about a state of affairs difficult to reconcile with either efficiency or economy. I would pay the highest tribute to the work of the two Englishmen with whom I have been in very close contact, Mr. Dicken, the assistant administrator in charge of finance, and Mr. Micklem, the treasurer. They need every support which can possibly be given to them, but, in fact, they receive very little indeed either from the Assembly or from their own colleagues. In their case in particular and in other cases as well, there is a great gap between the official in charge of the given service and his subordinates. It seems too often necessary to rely upon a very subordinate clerk indeed, who, with no capacity for assuming responsibility or authority, has to act for the head of the department in the absence of any more efficient second in command. Many difficulties arise from the system of recruitment of staff, with which the Experts Committee will certainly have to concern itself. Difficult though it may be to obtain suitable Europeans at the salaries which Tangier is prepared to offer, the qualifications of candidates locally available are often derisory. When to this is added the fact of national favouritism, it will readily be understood that many of the employees are wholly unfitted for their positions.

13. The above questions will also involve consideration of the effect on salaries and other expenditure of the depreciation of the franc, as well as of a tendency to rise in the cost of living, due to the Spanish disturbances. On the other hand, the effect of devaluation on customs revenue should be beneficial. In this connexion the committee must also examine the effect of legislation for an eight-hour day.

14. I have not touched in the above paragraphs on the broad aspects of the economic situation of the town. Undoubtedly the hopes built upon the construction of a port to serve the French and Spanish hinterland have been gravely disappointed, and Tangier itself has practically no local industries, especially since the tobacco factory has been moved to the French zone. There has thus been little or no economic development to justify the development of the town, which has taken place at the expense of the budget. The principal industry remaining is indeed the tourist traffic, and everything should be done to encourage this. The town is already sufficiently embellished to afford a most pleasant centre for tourists, but there is a certain lack of occupation apart from sight-seeing, &c. It has been suggested that the establishment of a Casino on a modest scale, in which gambling under regulation might be permitted, would fill a definite want. With the moral objections I am not concerned, although it is apparently on this score that the Spanish Government has hitherto been so reluctant to envisage the introduction of gambling; from the financial point of view, the direct help to the budget would not be great, but the indirect advantage of attracting tourists is so important as to deserve serious consideration.

15. One of the gravest questions remaining for consideration is whether further extension of the port is desirable, and if so, how it should be financed. The Assembly has shown itself prepared to vote new taxation, but only on condition that the proceeds are used for development, or for security for a new port loan. This attitude appears to me inadmissible until the budget is, in fact, balanced on a basis which provides for all normal expenditure. Thereafter it should be for Tangier to decide whether it is so convinced of the desirability of an extension of the port as to be prepared to pay for it, or to prove their case that such extension would so benefit the other zones as to make them willing to contribute to the cost. In my view, the question should await budgetary developments, and in any case can hardly be decided until the future is less obscured by the progress of events in Spain.

I have, &c.
E. ROWE-DUTTON.

Tangier, February 7, 1937.

[**W 3300/1/41**] No. 23.

Mr. Eden to Sir G. Clerk (Paris).

(No. 443. Confidential.)

Sir, *Foreign Office, March 6, 1937.*

IN my despatch No. 370 of the 24th February I enclosed copy of a memorandum handed to Sir George Mounsey by the Spanish Ambassador, in which M. del Vayo put forward certain proposals for the eventual modification, in favour of the United Kingdom and France, of the *status quo* of Spanish Morocco in return for certain obligations by those two countries in the matter of ensuring the non-intervention of foreign Powers in the Spanish civil war. I informed your Excellency that I stated to the French Ambassador that I felt sure that His Majesty's Government would not be willing to enter into any such bargain, and I am confirmed in this view now that I have had an opportunity of examining M. del Vayo's proposals.

2. In view of the present precarious position and the no less uncertain future of the Spanish Government, it is clearly impracticable for them to enter into effective discussions of the nature proposed with a foreign Government. Apart from this, the proposals in themselves would result in serious international complications, into which it is needless to enter, and would involve His Majesty's Government and the French Government in indefinite and far-reaching obligations.

3. I shall be glad therefore if you will inform the French Government that His Majesty's Government, although firmly resolved to do everything in their power to secure the non-intervention of foreign countries in the Spanish conflict, are definitely opposed to entering into discussions with the Spanish Government of the nature suggested by M. del Vayo.

4. His Majesty's Government will be glad, however, to concert with the French Government on the terms of the reply to be returned to the Spanish Government, which, in the opinion of His Majesty's Government, might be on the following lines :—

5. The present unhappy position in Spain has been a source of great anxiety and concern to His Majesty's Government and it has been, and will continue to be, their earnest desire to do everything in their power which might contribute towards shortening the conflict and sparing further sufferings to the Spanish people. His Majesty's Government note that the immediate object of M. del Vayo's proposal is to obtain the cessation of any kind of foreign interference in the affairs of Spain. As the Spanish Government are aware, this has been the guiding principle of His Majesty's Government's policy since the commencement of the civil war, and although this policy, owing to the necessity of obtaining international agreement, has unfortunately been met with many difficulties, His Majesty's Government are confident that the agreement which has now been reached by the London Non-Intervention Committee will provide an effective guarantee against munitions and volunteers reaching Spain from foreign countries. M. del Vayo stresses the importance of further steps being taken for the withdrawal of foreign nationals in the armed forces in Spain, and His Majesty's Government are in full sympathy with the Spanish Government on this point. It is one to which the Non-Intervention Committee will give their most serious consideration, and it is the earnest desire of His Majesty's Government that it may be found practicable to reach a solution which will commend itself to the Spanish Government and contribute to the final settlement of the civil war. His Majesty's Government realise that the termination of the present troubles will find the Spanish Government faced with serious problems, both external and internal. His Majesty's Government are convinced, however, that, actuated as they are solely by motives of sympathy and friendship for Spain and the Spanish people, it is in the best interests of Spain that His Majesty's Government should confine their efforts to securing in as complete a form as possible the non-interference of foreign countries in the Spanish conflict. They are happy to think that this object is the one which the Spanish Government have most at heart and they cannot but feel that the other problems to which M. del Vayo refers should await the consideration of a Government strengthened by the restoration of peace and order and by the support of all parties in Spain.

6. I shall be glad if your Excellency will enquire of the French Government whether they concur in a reply being sent to the Spanish Government on these lines.

I am, &c.
ANTHONY EDEN.

[W 4727/514/28] No. 24.

Sir H. Chilton to Mr. Eden.—(*Received March* 9.)

(No. 160.)

Sir, *Hendaye, March* 6, 1937.

WITH reference to my telegram No. 63 of the 5th March, I have the honour to transmit to you in translation copies of a *note verbale* from the insurgent authorities at Salamanca regarding the alleged intrigues of the French authorities designed to foment unrest in the Spanish Zone of Morocco.

2. I am sending a copy of this despatch to His Majesty's Ambassador at Paris.

I have, &c.
H. G. CHILTON.

Enclosure in No. 24.

Note verbale.

(Translation.)

THE Secretariat of Foreign Relations presents its compliments to His Britannic Majesty's Embassy and, in the name of the National Government, finds itself compelled to denounce the intrigues which are being carried on in the frontier area of the French and Spanish Protectorates in Morocco. The object of these intrigues is to produce disturbances in Spanish Morocco which—under pretext of re-establishing order and preventing the danger from spreading to the French Protectorate—will permit the invasion of the zone entrusted to Spain, such as would violate all the international agreements in force and create a dangerous situation for the peace of Europe.

The repeated attempts to create unrest having been defeated by the loyalty of the Moroccan people towards Spain and towards the native authorities, intrigues and campaigns with a view to provoking a rising among our tribesmen are being increased. Arms are being concentrated secretly in the zones of Wazzan and Buxed, the object being to forward them to the Sheshauen region, and in Gueznaya, for forwarding to the region of Alhucemas. At the same time, French military forces are being concentrated on the frontier of the Protectorates, whereby certain pressure is being brought on the natives in frontier territory which further contributes to maintain among them a feeling of uneasiness and unrest.

Although any attempt at aggression in the territory of our Moroccan Protectorate would meet with the adequate response, the conduct of the authorities of the French Popular Front constitutes a flagrant infringement of the spirit and the letter of the conventions of the 30th March and the 27th November, 1912, which entrusted to France and Spain the maintenance of peace and tranquillity in Morocco. Peace and tranquillity being in imminent danger, with a grave risk of harm to the protected people and a consequent menace to the peace of Europe and the *status quo* in the Western Mediterranean, this Secretariat of Foreign Relations, under instructions from the National Government, finds itself compelled to approach the Government of your nation as a Power signatory to the Act of Algeciras—which, in spite of later treaties, continues to be the essential basis on which reposes the internal régime in Morocco—with the proposal that, with the greatest urgency and in agreement with the other Powers signatory to this Act and of the other Powers which were parties to it at the time of signature, an International Commission should be appointed to visit our zone and confirm on the spot the peace and tranquillity enjoyed by the Spanish Protectorate, and collect evidence of the intrigues referred to. By this means Communist policy—which, through Governments of that persuasion, menaces the peace of the world—might be prevented from taking advantage of these intrigues in the French Protectorate and the Tangier Zone.

Furthermore, the National Government does not doubt that the London Non-Intervention Committee, so vigilant and zealous for the peace of Europe, will adopt urgent decisions to put a stop to such indescribable ("incalificable") and dangerous manœuvres contrary in every respect to the reason for France's presence in Morocco and to the Pact of Non-Intervention in the affairs of Spain.

Salamanca, March 3, 1937.

[W 5446/1/41] No. 25.

Mr. Eden to M. Azcárate.

Your Excellency, *Foreign Office, March* 20, 1937.

I HAVE the honour to inform your Excellency that His Majesty's Government in the United Kingdom have given the most careful consideration to the proposals contained in M. del Vayo's memorandum of the 9th February, which you were so good as to communicate to Sir George Mounsey on the 13th February.

2. The present unhappy position in Spain has been a source of great anxiety and concern to His Majesty's Government, and it has been, and will continue to be, their earnest desire to do everything in their power which might contribute

towards shortening the conflict and sparing further sufferings to the Spanish people.

3. His Majesty's Government note that the immediate object of M. del Vayo's proposal is to obtain the cessation of any kind of foreign interference in the affairs of Spain. As the Spanish Government are aware, this has been the guiding principle of His Majesty's Government's policy since the commencement of the civil war, and although this policy, owing to the necessity of obtaining international agreement, has unfortunately met with many difficulties, His Majesty's Government are confident that the agreement which has now been reached by the London Non-Intervention Committee will provide an effective guarantee against munitions and volunteers reaching Spain from foreign countries. M. del Vayo stresses the importance of further steps being taken for the withdrawal of foreign nationals in the armed forces in Spain, and His Majesty's Government are in full sympathy with the Spanish Government on this point. It is one to which the Non-Intervention Committee will give their most serious consideration, and it is the earnest desire of His Majesty's Government that it may be found practicable to reach a solution which will commend itself to the Spanish Government and contribute to the final settlement of the civil war.

4. His Majesty's Government realise that the termination of the present troubles will find the Spanish Government faced with serious problems, both external and internal. His Majesty's Government are convinced, however, that, actuated as they are solely by motives of sympathy and friendship for Spain and the Spanish people, it is in the best interests of Spain that His Majesty's Government should confine their efforts to securing, in as complete a form as possible, the non-interference of foreign countries in the Spanish conflict. They are happy to think that this object is the one which the Spanish Government have most at heart, and they cannot but feel that the other problems to which M. del Vayo refers should await the return of peaceful conditions in Spain.

I have, &c.
ANTHONY EDEN.

[W 5978/514/28] No. 26.

Sir H. Chilton to Mr Eden.—(Received March 25.)

(No. 194.)

HIS Majesty's Ambassador at Hendaye presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and, with reference to Foreign Office telegram No. 84 of the 20th March, 1937, has the honour to transmit to him a copy of *note verbale* to the Secretariat of Foreign Relations, Salamanca, respecting the situation between the French and Spanish Zones of Morocco.

Hendaye, March 22, 1937.

Enclosure in No. 26.

Note verbale.

HIS Britannic Majesty's Ambassador presents his compliments to the Secretariat of Foreign Relations, and, in reply to the Secretariat's *note verbale* of the 3rd March, has the honour, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, to state as follows:—

His Majesty's Government in the United Kingdom do not consider a situation exists as between the French and Spanish Zones of Morocco which would justify diplomatic steps being taken by the Powers parties to the Act of Algeciras, and the question of the infringement, if any, of the Franco-Spanish Convention of the 27th November, 1912, would be a matter between France and Spain.

As regards the proposal that the Powers parties to the Act at the time of its signature should be approached, Sir Henry Chilton is instructed to state that certain Powers parties to the Act at the time of its signature have since renounced all rights, titles and privileges under it, and have undertaken not to intervene in any negotiations between France and other Powers relating to Morocco.

Hendaye, March 22, 1937.

[W 6454/827/28] No. 27.

Consul-General Hurst to Mr. Eden.—(Received April 3.)

(No. 47.)

Sir,

Rabat, March 25, 1937.

I HAVE the honour to report that a decree, dated the 18th March, 1937, and published in the *Bulletin officiel* of the following day, dissolves as from that date the "Comité d'Action marocaine," whose activities have been recorded in my predecessor's despatch No. 42 of the 12th March, 1935, and other correspondence from this post.

2. This step is taken under the dahir of the 24th May, 1914, relative to associations, and the preamble to the decree states that the committee has converted itself into an association by the issue of membership cards and the collection of subscriptions, and that the oath of membership exacted from its adherents is injurious to the authority of the Sultan and opposed to the principles of Islam. Further, the threat of punishment under the existing legislation governing manifestations and incitement to disobedience is embodied in the dahir.

3. I learn from an excellent source that the nationalist leaders Allal-el-Fassi and Mohamed-el-Ouezzani are in disagreement, the former holding extremist views and the latter being disposed to press for a programme of reforms by peaceful methods.

4. No disorders have followed the publication of the dahir.

5. I am sending a copy of this despatch to His Majesty's consuls-general at Tangier and Algiers.

I have, &c.
L. H. HURST.

[W 7062/514/28] No. 28.

Mr. Lloyd Thomas to Mr. Eden.—(Received April 13.)

(No. 497.)

Sir,

Paris, April 12, 1937.

WITH reference to your despatch No. 656 of the 2nd April, concerning Spanish complaints of French political and military activities in Morocco, I have the honour to transmit herewith a copy of a memorandum compiled by the military attaché on this question, which supplements his memorandum of the 12th March,(1) a copy of which was forwarded under cover of Sir George Clerk's despatch No. 377 of the 15th March.

2. I agree with Colonel Beaumont-Nesbitt in discrediting the stories that the French Government have any intention of initiating operations in the Spanish Zone of Morocco, or are contemplating any activities in violation of their existing treaty obligations in that area. Such action would not only be contrary to the traditional policy of French Governments, but particularly foreign to the character of M. Blum and of the present Administration.

3. On the other hand, the French Government are undoubtedly preoccupied by the danger to France of the acquisition by Italy or Germany of a dominant position in Spain or in the Western Mediterranean, and of the consequent threat

(1) Not printed.

to communications between France and French Morocco. It is therefore not unnatural in the circumstances that the French Government should wish to make sure, if necessary by reinforcements, that their existing garrison in French Morocco is adequate to meet any probable emergency.

4. I have forwarded a copy of this despatch to His Majesty's Ambassador at Hendaye and at Rome.

I have, &c.
H. LLOYD THOMAS.

[W 7988/827/28] No. 29.

Consul-General Hurst to Mr. Eden.—(*Received April* 24.)

(No. 58.)

Sir, *Rabat, April* 16, 1937.

I HAVE the honour to report that a succession of Ministers, Deputies and delegations of different trades and professions has been visiting the French Zone during the past few weeks in a combination of business and pleasure. Exhibitions, though of scarcely more than local interest, have been, or will shortly be, held in Marrakesh, Casablanca and Rabat, while sport has not been forgotten. Tennis champions have met and conquered, a group of professional cyclists is for the first time racing round the country in successive stages, and a motor rally is to take place next month. Full advantage is, in short, being taken of the amenities of Morocco in the spring.

2. Of these various events, the most important is perhaps the visit of M. Gasnier-Duparc, Minister of Marine, which followed close upon that of M. Rivière, Minister of Pensions. The Minister of Marine arrived at Casablanca in the cruiser *Colbert* on the 4th April and left Rabat for Algeria by train on the 13th. He visited Rabat, Port Lyautey (which is being developed as a seaplane base), Fez, Meknes, Fedala, Mazagan, Saffi, Mogador and Agadir.

3. At Agadir the first block of the proposed new harbour works was laid, and its strategic importance and potentialities as the economic outlet of the Souss Valley were emphasised.

4. All this, however, lies in the future. Agadir is at present a shapely roadstead offering but little shelter. The Souss region has mineral wealth, and, where surface or underground water is obtainable, early vegetables, bananas and other fruit can be successfully cultivated. Irrigation works are in contemplation, but for the present the Souss, Draa and Tafilalet are dependent on a rainfall which is always sparse and problematical and occasionally, by failing, reduces the population to the verge of starvation for the ensuing year. Such is the case at the present moment, when, following the defective harvests of 1935 and 1936 and the complete absence of spring rains in the south, a population of a million persons finds itself face to face with famine. The export of barley has been prohibited, and food-stuffs, chiefly rice, have been despatched to the stricken areas, while a credit of 10 million francs has been allotted to alleviate the distress. Barrage camps and centres of food distribution have been established to check a general exodus to the north. But the problem of sustaining such a multitude for at least fifteen months to come is no light one.

5. On the 9th April M. Gasnier-Duparc was present at the meeting at Casablanca of the Morocco section of the Radical and Radical Socialist party. At this gathering certain branches of the Protectorate Administration came in for criticism. A lack of sympathy and inadequate co-operation with the Moorish element were alleged, and the authorities were urged to take adequate measures to succour the native population in the south. In the economic field, the usual expectations of increased duty-free quotas for Moroccan produce imported into France and of priority for Moroccan over foreign imports were expressed, and the need for a revision of the cramping restrictions of the Act of Algeciras propounded. The Minister of Marine, in a speech which wound up the gathering, avoided these local and controversial topics and confined himself to a panegyric to the greater glory of his party, its members and its principles. He concluded with a few words of appreciation of the Resident-General.

6. A perusal of the speeches leaves a slight sense of uneasiness and a feeling of sympathy for the permanent officials of the Administration in their task of

canalising and controlling the slowly-rising waters of Moorish nationalism. A lack of consistency is noticeable in recent French dealings with the Moors. Leaders and participators in the manifestations of last autumn (see my despatch No. 134 of the 21st November, 1936) were sentenced to severe terms of imprisonment; some weeks later one and all were released. Then permission was granted for the start of a rudimentary vernacular press in the form of four periodicals, and some time after the Comité d'Action marocaine was suppressed as an illegal organisation. General Noguès, of course, has long years of service in Morocco to his credit, and however much the march of events in the Spanish Zone may have complicated his task, it is hard to believe that, if left to himself, he would blow thus alternately hot and cold. With normal care and an unhampered Administration the future should give no cause for anxiety. But it is by no means certain that the country is being allowed to profit by the Resident-General's great local knowledge and the wide experience of tried Protectorate officials. General Noguès was brought in as a name under which the jobbery of his predecessor's abrupt departure might be hidden. With him came a new delegate, who, while his abilities are undoubtedly great, is commonly supposed not to see eye to eye with his chief, whose frequent absences in France and from Rabat lend themselves to dual control. The team is uneven, and, should the running cease to be good, troubles may ensue.

7. Rumours have reached me from several sources that troops and material in the French Zone have been increased of late, and I am now convinced that these reports are not without foundation. Though I have no details, I do not believe that the forces along the zonal frontier have been strengthened, and consider it far more likely that new arrivals have been retained in Meknes, Taza, Marrakesh and the other garrison towns.

8. I am sending a copy of this despatch to His Majesty's consul-general at Tangier.

I have, &c.
L. H. HURST.

[W 8337/4/28] No. 30.

Sir C. Kisch to Mr. Eden.—(*Received April* 29.)

(Secret.)

Sir, *London, April* 27, 1937.

I HAVE the honour to submit herewith a copy of the report(1) presented by the Committee of Experts, which has recently investigated the financial situation of the Tangier Zone, and on which I served, under the terms of Foreign Office letter dated the 17th February, 1937. The report was handed to the president of the Committee of Control on the 7th April, 1937.

2. I arrived in Tangier on the 22nd February when the committee had already been in session for about three weeks. As Mr. Rowe-Dutton explained in his interim report, the committee began by a detailed scrutiny of the Tangier budget, and this process was in course of execution when I arrived. While participating in this work I familiarised myself with the system of administration, visiting various departments and discussing matters with the officers in charge. In addition to interviews with the heads of the various services, the committee also invited leading representatives of Tangier opinion to appear before it. Thus we saw, in the course of the enquiry, the vice-presidents of the Legislative Assembly, the president of the International Chamber of Commerce, a representative of the Mendoub and the director of the port.

3. In order to appreciate the general line of the enquiry, some reference must be made to the general attitude of the other members of the committee: M. Panié (France), Inspecteur des Finances, M. Botella (Spain) and M. Piserchia (Italy), the two latter being officials of the Finance Department of the countries concerned. The Italian delegate had had considerable experience in international

(1) Not printed.

finance, but he took little part in the active work of the committee. He recorded some individual observations on two points in the final stage, to which reference will be made later. The Spanish delegate concentrated his main interest in pruning the expenditure in the budget. Throughout the enquiry he supported the French representative, a man of strong personality and keen intellect. M. Panié had participated in numerous financial enquiries in France and French Morocco, but this was the first occasion in which he had found himself working with representatives of other countries, and it took some time to attune him to the atmosphere. His programme was to examine every detail of expenditure, no matter how small, and to consider whether any possible economy could be effected. When this had been done he proposed to see how far the available revenue of the zone was sufficient to meet requirements, and, if it was shown to be insufficient, his plan was that the necessary taxation should be imposed upon Tangier to secure the provision of adequate funds in the future. When I arrived the French and Spanish delegates had both come to the conclusion that the problem of Tangier finances could be simply solved by economy in expenditure, slowing down development and imposing taxes. On arrival I found myself subjected to propaganda in this sense. If their view was sound it was obvious that the question was reduced to easy dimensions. Until I had made myself familiar with all the circumstances of the case I could only listen to what my colleagues said and reserve judgment.

4. The oral evidence, unofficial conversations and discussion with His Majesty's Minister, with whom I maintained contact throughout, led me fairly soon to the conclusion that a solution on the lines contemplated by my French and Spanish colleagues would be unsatisfactory and unacceptable. The problem was, in short, not merely a technical one, but had to take account of psychological considerations. There is undoubtedly a deep-seated conviction in Tangier that the international régime has made the cost of administration unduly heavy, and that the burden of the fixed charges is excessive, though I doubt if the extent of the prospective increases in them had been duly appreciated. Additional taxation has in the past been voted by the Legislative Assembly, subject to the condition that the money would become available for Tangier purposes, and would not only represent the means of meeting debt charges regarded as unfair. The Committee of Control have been unable to accept such a condition, and the additional taxation remained in suspense. It will also be recalled that, when in 1932 M. Laure, the French expert, investigated the finances of Tangier, he had, apart from other proposals, made certain recommendations for alleviating the debt charges; but no action in regard to these had been taken, as, I gather, the Shereefian Government was not convinced as to the necessity of relief at their expense.(2) If the Tangier problem was to be resolved merely by economies and taxation, there was no reason to anticipate any difficulty on the part of the neighbouring zones. But different considerations would arise if some concessions were to be called for either on their part alone or in association with other interested Powers. It will be appreciated that, having regard to the present circumstances of the Spanish Government, my Spanish colleague was strongly averse to imposing further financial burdens on Spain, while the unsatisfactory financial position of French Morocco induced a similar attitude on the part of the French member.

5. On becoming satisfied that concessions in favour of Tangier were necessary to meet reasonable demands, to protect the budget from fresh charges and to secure the acceptance of the committee's proposals, I at once had to consider whether it would be possible to obtain a unanimous report or whether I should be obliged to write a separate report, in which the Italian representative would probably have joined. Having regard to the desirability, in the interests of Tangier and for the avoidance of controversy, of united recommendations, I felt I ought to take every possible step towards securing a unanimous report, the accomplishment of which would involve dislodging the French and Spanish representatives from the position that no outside assistance was required, and convincing them that regard had to be paid to the psychological factors of the case.

(2) My French colleague spoke somewhat critically of M. Laure's report and he was determined not to repeat what he regarded as M. Laure's mistakes. Hence he maintained touch with Rabat throughout the enquiry.

6. Following the line taken in Foreign Office letter of the 8th January, 1937, it appeared that a satisfactory solution of the Tangier budgetary problem required—

(1) The provision of adequate resources to cover the maintenance expenses of the zone.

(2) The provision of reasonable supply to finance what in Tangier are regarded as capital works, *e.g.*, the extension of the road system, drains, &c.

(3) A further margin to finance either debt reduction, extraordinary works or the service for a new port loan if, as Tangier opinion in general demands, the mole is to be lengthened and better protection for shipping afforded.

(4) An adequate reserve fund in hand for emergencies.

A solution satisfying the above conditions would give Tangier reasonable security for a balanced budget, for adequate development and for the avoidance of special semi-compassionate contributions from the neighbouring zones which might carry embarrassing conditions.

7. The letter from the members of the committee prefaced to the report gives a bird's-eye view of the report as a whole. It refers in general terms to the reliefs afforded to the budget by the committee's proposals, these reliefs concerning on the one hand the debt and on the other the assistance to revenue, to both of which matters I gave particular attention. The proposals provide—

(*a*) A reduction in the service of the Dutch loan raised for financing the port (see pp. 52–54(1)).

The value of this concession depends on the question whether the existing loan, carrying 7 per cent. interest, will in fact be converted in the latter part of 1938, failing which the cost of the service will rise on the beginning of amortisation. The committee contemplates the immediate reduction of the charges in respect of this loan from a 7 per cent. to a 5 per cent. basis, plus amortisation over forty years. This concession, which would be at the cost of the Shereefian Government, involves a benefit to Tangier of approximately 1,100,000 fr. as compared with the charges of the existing Dutch loan when amortisation starts. As compared with the present budgetary charge, which does not allow for amortisation, the annual saving to Tangier approximates 500,000 fr. after covering amortisation.

(*b*) The limitation of the charges in respect of the Tangier–Fez Railway (see pp. 49–52).

In the case of the Tangier–Fez Railway, details showing how the charges against Tangier were calculated were not available. Finance has been provided by a series of bond issues over a period of years, and the proceeds have been allocated among the three zones. Full particulars would probably only have been obtainable from Paris. The committee had, however, to consider the situation, because, in addition to possible claims for "restes à payer" and "intérêts intercalaires," aggregating some millions of francs, the zone might be called upon to meet annually from revenue an additional 200,000 fr. or more in respect of loss on working which in the past has been added to capital. This railway has proved an unfortunate venture for the three zones, and there was a natural reluctance to relieve Tangier at the cost of the other partners who were already suffering heavy loss. A sum of approximately 800,000 fr. has already been reserved by the Tangier Administration towards meeting part of possible claims. The recommendation of the committee is that this amount should represent the maximum to be demanded in respect of the past, and that in regard to the future the budgetary charge should be limited to the figure of 1,225,000 fr. (taking the peseta at 1 peseta equals 2 fr.), this sum covering capital charges and the deficits on working and being susceptible of further reduction in the event of the peseta depreciating. Furthermore, it is recommended that a period for these payments should be fixed in consultation with the other parties interested, so that the Tangier annuity will cover also amortisation. The benefit of the proposal to Tangier, as compared with the present indefinite position, may be estimated at, say, 200,000 fr. a year, but it might easily be worth much more if the contingent

(1) The numbers of the pages refer to those inserted in ink, beginning with Introduction, page 1.

claims were to be pressed. At the present time the peseta shows a considerable depreciation as compared with its former parity, and the likelihood of its return to its former franc value seems highly problematic. In that event the Tangier Administration will no doubt seek further benefit in the calculation of the sum due, as is suggested in the report. It is a great advantage to the zone that a maximum should be fixed for the claims against it in respect of the railway.

(*c*) The renunciation by the Spanish Government of its claim in respect of the 2½ per cent. *taxe spéciale* (see p. 57).

The value of this concession, which removes an old bone of contention, is estimated by the committee at 200,000 fr. a year.

(*d*) An increase in the normal contribution by the French and Spanish Zones towards the Tangier customs service from 500,000 fr. per annum to 600,000 fr. per annum each (see p. 56).

The benefit to Tangier is thus 200,000 fr. a year.

8. If the conversion of the Dutch loan is assumed, one would not be far wrong in regarding the total value of the above concessions as equivalent to, say, 1,100,000 fr. a year while contingent claims of important size are excluded. If events should preclude the conversion of the Dutch loan, the benefit is much greater and may be put at about 1,700,000 fr. a year. (See notes on page 58, which do not, however, take account of the avoidance of prospective new charges on the Tangier–Fez Railway.)

9. During the course of the enquiry my French colleague paid three visits to Rabat in order to satisfy himself that the proposals contemplated by the committee would be accepted by the Shereefian Government. He assured me that this could be counted upon, and the Spanish representative made the same assertion so far as concessions from the present Spanish Government were concerned.

10. The other part of the effort required to place Tangier finances in a sound condition is to be provided by changes in taxation.

	Fr.
(1) The creation of a *patente* (pp. 65–66): estimated receipts	1,000,000
(2) Increase in consumption tax (pp. 66–69): annual income ... ... (Here special care was taken to avoid taxes falling on the poor, who already have a full share of the existing tax burden.)	1,035,000
(3) *Taxe de mainmorte* (p. 70): designed to bring in revenue from companies which hold land. This tax is calculated on 1/25th of the tax payable on the sale of property, so that it is equivalent to the transfer tax that would be paid if property changed hands once in 25 years. Annual proceeds about ...	200,000
(4) Miscellaneous measures	460,000
	2,695,000

11. From the above it will be realised that, of the total effort envisaged by the committee for the rectification of Tangier finances, about two-thirds of the effort is to be made by Tangier and about one-third is to come from external relief, all the external relief being given in a form free from conditions. This result signified a definite abandonment by the French and Spanish representatives of the view that the whole effort needed should be provided by Tangier.

It is unnecessary to detail the procedure by which this solution was achieved, but I found it necessary, in dealing with my French colleague, to emphasise that, unless some such partition of the effort could be agreed to unanimously, I should feel obliged to write a separate report which would adopt towards Tangier a more generous attitude than that proposed by the French and Spanish representatives. I suggested that in default of a suitable response on their part I should feel obliged to recommend a measure of aid from the four principal Powers interested. The embarrassment that would have been caused to the French and Spanish authorities by the presentation of a more generous report by the British (and presumably Italian) representative was sufficient in the end to bring about

a result which seems to me fair to all parties. No financial contribution from the British Government is contemplated in the report.

12. Pages 75–78 of the report show how the desiderata enumerated in paragraph 6 above will be met.

By reason of the different reliefs and new taxation a surplus over the maintenance budget of about 3 million francs is anticipated in the future. Of this sum 1,200,000 fr. to 1,500,000 fr. are expected to suffice for the normal development of the roads, sanitary system, &c., in the zone and for meeting any unexpected charges. This will leave 1,500,000 fr. or so over, which would be available either for debt repayment, financing the service of a new port loan, &c. The surplus seems to me fully adequate to the requirements of the case.

The reserve fund of the zone, which is formed either from unutilised surpluses or from exceptional receipts, is expected to amount shortly to some 8 million francs, which is, for the circumstances of Tangier, a respectable sum. Here I draw attention to the suggestion on p. 77 that a part of it might be used for reducing debt. This question has been discussed by me with the Financial Administrator, who will consider whether, assuming the Shereefian Government consents, it would be advantageous to Tangier to repay at once the remanet of the 1904 loan to the Sultan. As the loans carry a fairly high rate of interest, while the yield on the reserve is very low, an operation of this kind may offer substantial advantage to Tangier. In any case a reduction in the interest charges on the 1904 and 1910 loans is to be expected in 1941 (see p. 49).

It is of interest to note that on the 1st January, 1937, the reserve fund (p. 76) stood at a figure somewhat in excess of the special subventions contributed from 1933–36 by the French and Spanish Governments (p. 55).

13. In the course of the enquiry the claims of Tangier against the Banque d'État for a share in the profits from the devaluation of the franc, from the circulation of paper money and the minting of subsidiary coin came up for consideration (see p. 30). Materials for a full examination of this question, which involves legal issues, were not available, but it is understood that while refusing to recognise any legal claim, the Banque d'État is prepared to make a payment of some 900,000 fr. to Tangier as an act of grace. This sum is included in the figure of 1,700,000 fr. mentioned on p. 77.

For the year 1937, when the proceeds of the new taxation will not be fully available, it is proposed that an exceptional contribution of 1,300,000 fr. should be made by the French and Spanish Zones to the finances of Tangier.

During my stay in Tangier I had numerous talks with the Financial Administrator on the position that was developing from the report. I gather he is satisfied that, if the different measures contemplated are taken, the financial situation of the zone will have been placed on a sound basis. It is possible that the future may admit of a reduction of taxation, and reference to this possibility is made on p. 74 of the report.

Tangier is only now beginning to benefit from the effects of the devaluation of the franc, and the finances of the zone may also profit from the fall in the peseta. On the other hand, the tourist traffic has been seriously handicapped by the present troubles in Spain, and, if prices rise, some increase in salaries will probably be unavoidable.

It is, of course, to be understood that, if Tangier is to get the benefit of the different concessions proposed from the adjacent zones, the Legislative Assembly must accept the duty of voting the new taxation discussed in the report (see final paragraph). Even if all the economies postulated are not realised—and this is quite possible—I see no reason to doubt that the ensemble of the measures should place the finances of the zone in a sound position. The revenue estimates are, on the whole, conservative, and, barring unforeseen happenings, the margin of safety provided should prove ample.

14. Supplementary observations by the Italian representative are recorded on pp. 48 and 55 of the report in regard to certain *comptes d'attente* affecting the loans to the Sultan in 1904 and 1910 and the so-called collaborations 1933–36, aggregating 5,200,000 fr. from each of the two neighbouring zones. These accounts carry no interest and are not repayable so long as the international régime endures. The Italian representative suggests that the Tangier Administration might apply to the Governments of the French and Spanish Zones for their formal cancellation. This form of recommendation appears to me ineffective, and the Tangier Administration would be unwise to act upon it.

They would court a snub and be told in reply that the request had no relevance to the financial affairs of the zone, which, so long as the international status is preserved, can make its budgets from year to year without regard to these Suspense Accounts, which carry no interest charge or liability to repayment. It is doubtful if the Italian representative would at the end have made these separate observations if he had felt himself a completely free agent.

While I could not have associated myself with the particular line of approach taken by my Italian colleague, I pressed my Spanish and French colleagues to join in a representation to the Governments of the adjacent zones that these Suspense Accounts should be formally annulled. But they held strongly that the matter lay outside their terms of reference since the existence of these Suspense Accounts did not affect the solvency of the Tangier Zone, and the conditions attached exempted the budget from any liability in respect of them. For these reasons my Spanish and French colleagues wished at first to ignore these accounts altogether. Eventually they agreed to join in a united expression of view that the International Administration could regard itself as free from the contingency of a demand for repayment and to suggest that, as regards the Suspense Accounts affecting the loans of 1904 and 1910, these should be stopped at the total arrived at in 1936. If I had pressed the point to a dissent I should have been met by other dissents from my French and Spanish colleagues on matters of more practical importance, such as the proposal for the creation of the post of assistant to the British Director of Finance (see p. 60), which met with strong opposition from the Spanish and French delegates, and the arrangements for the current year 1937 (see p. 78), for which, unless drafts on the Reserve Fund were to be contemplated, some provision was desirable as the full effect of the new taxes cannot be expected before 1938. A concession to the French and Spanish refusal to recommend the formal cancellation of the Suspense Accounts enabled the committee to reach a unanimous conclusion on the points referred to above, and also facilitated settlement of other minor matters in the course of drafting the report. As regards these Suspense Accounts, I suggest that the best way of treating these hypothetical claims, which even my Italian colleague recognised as " soumis à des conditions de remboursement presque irréalisables," is to forget their existence in future discussions, so far as is practicable. With the years they will pass increasingly into the background, and any significance they may have will be diminished through lapse of time, whereas, their citation tends to give them an exaggerated importance.

As regards the 1904 and 1910 loans, data for making an accurate account are not available on the part of the Spanish Zone, and the figure of 7·95 per cent. mentioned on p. 47 is, I understand, an estimate based on the customs returns of 1912. It is obvious that no solid claim could rest on such a footing. When all is said and done, the total of the two accounts is equivalent only to some £150,000, a figure which appears insignificant in relation to the political considerations involved in Tangier. To ignore the existence of these shadowy accounts may, I suggest, lead to their formal cancellation at some future date, since, so far as I can judge, they are not regarded as having any realisable value by the French and Spanish authorities.

15. It will be observed that, in addition to the appointment of an assistant to the Financial Administrator, the Treasurer of the zone is also to have an assistant, if the committee's recommendations are adopted (see p. 62). The Treasurer's Attorney is to be nominated with the approval of the Treasurer. The question of the nationality of the officers to be appointed to these posts lay outside the sphere of the committee, but I ought perhaps to refer to the matter. From information which reached me, I think it likely that the French will make an attempt to secure for a Frenchman the appointment of the assistant to the Financial Administrator. Their grounds would be that the financial administration of Tangier is akin to that of the French Zone, and that it would be quite natural for the assistant to the Financial Administrator to be of a different nationality from the Administrator himself. It is true that the financial administration of Tangier has a good deal in common with the financial administration of the French Protectorate, but it should be observed that under the committee's proposals a new functionary is proposed for the Conservation foncière et Domaines (p. 62), and is very likely to be French, while the institution of the *patente* (pp. 65–66) will necessitate the employment of a French expert, at any rate, for a certain period. On the other hand, I understand that

recently the British have lost two posts of importance in the Administration, viz., in the Police and Engineering Departments, while the French have maintained their share in the Administration. The creation of the two posts referred to in the Financial Department seems, however, to offer a good opportunity for fortifying the British interest in the international régime, which appears to me all the more desirable seeing that this country, unlike France, Spain or Italy, does not enjoy the indirect advantages that come from Government expenditure in the zone either by way of contributions to the official finances or by way of expenditure on objects of social importance, hospitals, schools, &c. The British community in Tangier is much concerned at the diminution of British influence in the Administration in recent years, and I would urge that a strong effort should be made to obtain for Great Britain the two new posts in the Department of the Financial Administrator and the Treasurer.

My stay in the zone has led me to form a good impression of the efficiency of the French side of the Administration, and if, as I understand, the replacement of a French Administrator by a Spaniard is contemplated, great care in the selection of the officer will be needed. The Italian effort seems to be devoted mainly to enhancing the prestige of Italy in the zone by such projects as increasing the number of judges (see pp. 16–17) and the building of a new Palais de Justice. The British contribution has been to maintain the integrity and sincerity of the financial side of the régime. It seems to me of the highest importance that this responsibility, ably discharged by Mr. Dicken and the Treasurer, Mr. Micklam, should continue in British hands.

16. Tangier has suffered in the past from delays on the part of the Spanish authorities in making payments and from failure on their part to maintain proper accounts. Reference to this is discreetly made in the note on p. 51. In present conditions difficulties in this respect can be understood, and it is probably too much to hope that they will disappear. The desire of the Spanish to maintain their position in Tangier affords, however, some ground for thinking that, though they may be late payers, they will not wish, by failure, to weaken their position in the International Zone. I understand that at present Tangier is retaining, in addition to the proceeds of the 2½ per cent. *taxe spéciale*, the proceeds of the 10 per cent. customs duty which, under the normal arrangements, would, in the case of exports to the Spanish Zone, have to be accounted for to the Spanish authorities. Thus at the moment Tangier holds credits in favour of the Spanish Zone and should be in a favourable position for settling accounts when the time arrives.

17. The question of contraband in the zone was an important matter to be considered (see p. 4 of the letter prefacing the report, pp. 63–64, 69–70). The committee is proposing a strengthening of the customs service. It is hoped that the Committee of Control will give any support possible to measures calculated to check abuses from which the finances of the zone are suffering serious loss.

18. In handing the report to the president of the Committee of Control attention was invited to the fact that certain additions are proposed in regard to the consumption taxes, and that, if it is decided to act on these proposals, precautions were desirable to avoid loss of revenue from excessive importations of the goods in question. Such loss was likely to follow if any undue interval should occur between publication of the report and the passage into law of the relevant taxation.

19. In conclusion, it only remains for me to express my appreciation of the help provided to the committee and to myself personally by the officers of the Administration during the enquiry. The main burden fell on Mr. Dicken, the Administrator in charge of Finance, who was present at most of the sessions of the committee. Mr. Dicken has had a delicate as well as difficult task over many years in handling the finances of the zone. These difficulties have been due not only to shortage of funds, but still more so to the special circumstances under which the international régime functions. During his long term of office Mr. Dicken has guided the finances of Tangier with prudence and discretion, and it would be difficult to exaggerate the value of the service which he has rendered in maintaining the prestige of this country in the International Administration.

I have, &c.

CECIL KISCH.

[W 14778/46/28] No. 31.

English Text of Convention between His Majesty in respect of the United Kingdom and the President of the French Republic for the Abolition of Capitulations in Morocco and Zanzibar. [With Protocol of Signature, Minute and Twelve Notes.] (*Dated July* 29, 1937.)

His Majesty The King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, and the President of the French Republic, acting in his own name and on behalf of His Majesty the Sultan of Morocco;

Whereas the present special régime applicable in the French Zone of the Shereefian Empire to British consuls, nationals, and institutions is no longer in accordance with the present state of that zone;

And whereas His Majesty The King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, in view of the convention signed at Montreux on the 8th day of May, 1937,(1) relating to the abolition of the Capitulations in Egypt, desires to give effect as regards the French Zone of Morocco to the Declaration of the 8th April, 1904,(2) relating to Egypt and Morocco;

And whereas both High Contracting Parties are also desirous of modifying certain treaties applicable to Zanzibar so as to render them more in conformity with existing conditions;

Have accordingly decided to conclude a convention for this purpose and have appointed as their plenipotentiaries:

His Majesty The King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India (hereinafter referred to as His Majesty The King):

For Great Britain and Northern Ireland:

The Right Honourable Anthony Eden, M.C., M.P., His Majesty's Principal Secretary of State for Foreign Affairs;

The President of the French Republic:

His Excellency Monsieur Charles Corbin, Ambassador Extraordinary and Plenipotentiary of the French Republic in London;

Who, having deposited their full powers, found in good and due form, have agreed as follows:—

ARTICLE 1.

His Majesty The King renounces all rights and privileges of a capitulatory character in the French Zone of the Shereefian Empire.

ARTICLE 2.

British subjects, British-protected persons and British companies in the French Zone of the Shereefian Empire shall be subject to the jurisdiction of the same tribunals as French citizens and French companies.

In their recourse to such tribunals British subjects, British-protected persons and British companies shall be subject to the same conditions as French citizens and French companies.

After the expiry of ten years from the date of the coming into force of the present convention, the provisions of the second paragraph of this article cannot be invoked, unless the subjects of His Majesty the Sultan of Morocco and companies duly incorporated under the law of the French Zone of the Shereefian Empire enjoy in the United Kingdom the treatment of the most-favoured-nation as regards the matter referred to in that paragraph.

(1) Treaty Series No. 55 (1937)—Cmd. 5630.
(2) Treaty Series No. 6 (1905)—Cd. 2384.

ARTICLE 3.

In respect of matters occurring before the entry into force of the present convention, laws and regulations of the French Zone of the Shereefian Empire shall only be applied to British subjects, British-protected persons, British companies and British ships in cases where in accordance with the existing practice such laws and regulations were then applicable to them.

Duties and taxes, however, payable under legislation, enacted less than one year before the date of the entry into force of the present convention and not yet made applicable by regulations of the British consular authorities, may be recovered from British subjects, British-protected persons and British companies.

British subjects, British-protected persons and British companies shall not be sued in the courts of the French Zone for taxation or duties of any kind which became due more than two years before the coming into force of this convention.

ARTICLE 4.

The British courts at present exercising jurisdiction in the French Zone of the Shereefian Empire shall continue to deal with the cases regularly instituted before them before the entry into force of the present convention until these cases are finally completed.

Decisions, given by the said courts within the limits of their jurisdiction and which are final, shall be recognised as having the force of *res judicata* by the authorities of the French Zone of the Shereefian Empire. Certificates given by the British consular officers to the effect that the said decisions are final will be accepted.

His Majesty The King undertakes to retain in Morocco all the judicial records of the British consular courts. These records shall be made available to the tribunals of the French Zone of the Shereefian Empire wherever these tribunals require them for the purpose of cases within their jurisdiction. Certified copies of these records will be furnished on request to the said tribunals, the competent authorities of the zone and to any other properly interested party.

ARTICLE 5.

Subject to the provisions of paragraphs 2 and 3 below, no person owing allegiance to His Majesty the Sultan of Morocco can claim in the French Zone of the Shereefian Empire the protection of His Majesty The King.

Natives of the French Zone of the Shereefian Empire, who at the date of the entry into force of the present convention enjoy British protection, either as employees of a British consulate or as semsars, shall for the remainder of their life be justiciable by the French tribunals of the Shereefian Empire except as regards matters coming within the jurisdiction of the Moslem or Jewish religious courts. A list of these persons shall be drawn up within six months of the coming into force of the present convention by agreement between the French Residency-General and the British Consulate-General at Rabat. This list shall include the wives and minor children of these persons living under the same roof, and the provisions of this paragraph shall apply in the case of the wives during the lifetime of their husbands, and in the case of the children until the death of their fathers or until their majority, whichever happens earliest.

The persons enumerated in the annex to the present convention shall also enjoy the benefit of the provisions of paragraph 2 above.

ARTICLE 6.

The British post offices in the French Zone of the Shereefian Empire will be closed at the date which shall be notified to the Residency-General at Rabat by the British Consulate-General and in any case not later than thirty days after the entry into force of the present convention.

ARTICLE 7.

British subjects, British-protected persons and British companies will enjoy in the French Zone of the Shereefian Empire the same

personal and private rights (droits privés) as French citizens and French companies. They shall have the same guarantees for the protection of person and property.

ARTICLE 8.

British subjects and British-protected persons shall not be subject in the French Zone of the Shereefian Empire to any compulsory personal military service nor to any tax or payment in lieu of such service.

After the expiry of ten years from the date of the entry into force of the present convention, the provisions of the present article cannot be invoked unless the subjects of His Majesty the Sultan of Morocco enjoy in the United Kingdom the treatment of the most favoured nation as regards the matter referred to in this article.

ARTICLE 9.

Extracts from "casier judiciaire" shall be delivered to British subjects and British-protected persons resident in the French Zone of Morocco in the same conditions as to French citizens. In order to enable the competent authorities of the zone to deliver such extracts, the British consular authorities in the zone will supply to these authorities certificates as regards convictions, if any, pronounced by the British consular courts in Morocco.

ARTICLE 10.

His Majesty The King shall have the right to maintain consulates at any place in the French Zone of the Shereefian Empire where British consulates are at present established. The establishment of new consulates at other places in the said zone shall be subject to the agreement of the Governments of both High Contracting Parties.

British consular officers in the French Zone shall enjoy privileges and immunities not less favourable than those accorded to British consular officers in France or to the consular officers of any other Power in Morocco.

Neither this article nor article 20 of the General Treaty signed at Tangier on the 9th December, 1856.(3) on behalf of Her late Majesty The Queen of the United Kingdom of Great Britain and Ireland and His late Majesty the Sultan of Morocco and Fez, shall, however, entitle His Majesty The King to claim jurisdictional privileges accorded on the basis of existing treaties concluded by His Majesty the Sultan of Morocco and the United States of America.

ARTICLE 11.

British schools of every grade shall continue to enjoy in the French Zone, especially in regard to the teaching of English, the same liberty as hitherto. They will be subject to the laws relating to State control which are applicable to all European schools in the French Zone.

ARTICLE 12.

Article 4, paragraph 1, of the General Treaty signed at Tangier on the 9th December, 1856, does not affect the right of the authorities of the French Zone of the Shereefian Empire to regulate admittance and immigration into the territory or to expel persons for reasons of police or public order or to apply immigration regulations, provided that there is no discrimination against British subjects or British-protected persons.

Nevertheless, British subjects and British-protected persons who have been resident in the French Zone of Morocco for more than five years shall not be expelled unless—

(*a*) They have committed a crime or offence punishable with more than three months' imprisonment.

(*b*) They have been guilty of conduct prejudicial to public safety, public order, good morals or public health.

(*c*) They are in such a state of indigence as to be a burden to the State.

(3) Presented to both Houses of Parliament by Command of Her Majesty, 1857.

The provisions of paragraph 2 of this article may be terminated at any time after the expiry of twenty years from the date of the coming into force of this convention by six months' notice.

ARTICLE 13.

The powers conferred on British consular officers in the French Zone of the Shereefian Empire in matter of the estates of deceased persons by article 18 of the General Treaty signed at Tangier on the 9th December, 1856, are maintained.

Any disputes arising as regards the estates referred to in the said article shall be determined by the competent tribunals of the said zone in conformity with the provisions of laws of general application.

The provisions of this article may be terminated at any time after the expiry of twenty years from the date of the entry into force of the present convention by a six months' notice.

ARTICLE 14.

The High Contracting Parties agree that the French decree of the 8th November, 1921, relating to French nationality in the French Zone of the Shereefian Empire, and the Dahir of the same date, relating to Moroccan nationality, are not applicable to British subjects or protected persons born before the date of the entry into force of the present convention.

If the French or Moroccan Governments should enact measures which would result in conferring French or Moroccan nationality by reason of birth or residence in the French Zone of the Shereefian Empire in any case where the above-mentioned decree would not have conferred French nationality, British subjects and protected persons affected by these enactments shall be freed from French or Moroccan nationality if they make a request to this effect in the year which follows their majority.

ARTICLE 15.

The subjects of His Majesty the Sultan of Morocco and Moroccan vessels shall enjoy the same rights as French citizens and French ships in the United Kingdom of Great Britain and Northern Ireland, British colonies and in territories under the protection of His Majesty The King, and in mandated territories administered by the Government of the United Kingdom.

The expression "Moroccan vessels" means ships duly registered as such in a port of the French Zone of the Shereefian Empire.

ARTICLE 16.

The provisions of all earlier Acts, treaties and conventions which are contrary to the preceding provisions of the present convention are abrogated as between the High Contracting Parties so far as the French Zone of the Shereefian Empire is concerned.

Articles 13 and 20 of the general Treaty signed at Tangier on the 9th December, 1856, cannot be invoked by His Majesty The King to claim the jurisdictional privileges enjoyed by the United States of America under treaties at present in force.

His Majesty The King renounces all rights in the French Zone of the Shereefian Empire under the Convention of Madrid of 1880.(4)

ARTICLE 17.

The French Republic renounces all rights and privileges of a capitulatory character in the territories of His Highness the Sultan of Zanzibar.

ARTICLE 18.

French nationals (citizens, subjects and protected persons) and French companies shall be subject in the territories of the Sultan of Zanzibar to the jurisdiction of the same courts as British subjects and British companies.

In their recourse to such courts French nationals and French companies shall be subject to the same conditions as British subjects

(4) Parliamentary Paper "Morocco No. 1 (1881)"—C. 3053.

and British companies for so long as British subjects, British-protected persons and British companies enjoy in the French Zone of the Shereefian Empire the benefit of paragraph 2 of Article 2 of the present convention.

ARTICLE 19.

French nationals (citizens, subjects and protected persons) and French companies will enjoy in the territories of His Highness the Sultan of Zanzibar the same rights as those accorded in the French Zone of the Shereefian Empire to British subjects, British-protected persons and British companies under Articles 7, 8 and 12 above and subject to the same conditions.

ARTICLE 20.

French Consuls in the territories of His Highness the Sultan of Zanzibar shall enjoy privileges and immunities not less favourable than those accorded to French consular officers in the United Kingdom or those accorded to the consuls of any other Power in the territories of His Highness the Sultan of Zanzibar.

Neither Article 2 nor Article 5 of the treaty signed at Zanzibar on the 17th November, 1844,(5) with His Highness the Sultan of Muscat and dependencies shall entitle the French Republic to claim in the territories of His Highness the Sultan of Zanzibar jurisdictional privileges or personal privileges for French consuls or French nationals on the basis of privileges claimed or granted to other Powers in virtue of existing treaties concluded by His Highness the Sultan of Muscat.

ARTICLE 21.

French schools shall continue to enjoy in the territories of the Sultan of Zanzibar the same freedom as in the past, particularly in regard to the teaching of French. They shall be subject to the laws relating to State control which are applicable to all European schools.

ARTICLE 22.

The powers reserved by the Government of the French Republic as regards estates of deceased nationals for the benefit of French consuls in the territories of His Highness the Sultan of Zanzibar by the letter of the 13th May, 1904,(6) shall be maintained.

All disputes that may arise as regards such estates shall be determined in the territories of His Highness the Sultan of Zanzibar by the competent tribunals in accordance with the provisions of laws of general application. French consuls shall not in any matter be cited before a native court in this capacity as administrator or liquidator of the estate of a French national.

The provisions of the present article may be terminated at any time after the expiry of twenty years from the date of the entry into force of the present convention by six months' notice.

ARTICLE 23.

The following provisions of the Treaty signed at Zanzibar on the 17th November, 1844, with His Highness the Sultan of Muscat and dependencies, namely, Articles 3, 4, 6, 7, 8 and 9, are abrogated so far as the territories of His Highness the Sultan of Zanzibar are concerned.

ARTICLE 24.

For the purposes of this convention the expression "British companies" means any company duly incorporated under the law of any territory under the sovereignty of His Majesty The King or of any territory under his protection, suzerainty or mandate, and the expression "British ships" means any ship duly registered in any of the above-mentioned territories.

The expression "French companies" means any company duly incorporated under the law of France or any French colony, protectorate or territory under mandate, and the expression "French ships" means any ship duly registered in any of the above-mentioned territories.

(5) See *British and Foreign State Papers*, Vol. XXXV, page 1011.
(6) See *British and Foreign State Papers*, Vol. XCIX, page 357.

The expression "subject of His Majesty the Sultan of Morocco" only includes those of His Majesty's subjects who enjoy French diplomatic protection abroad.

The expression "territories of His Highness the Sultan of Zanzibar" means the territories referred to in the notes exchanged on the 13th and 18th May, 1904,(7) between the Government of the United Kingdom and the Government of the French Republic.

ARTICLE 25.

Any dispute between the High Contracting Parties relating to the interpretation or application of the provisions of the present convention, which they are unable to settle by diplomatic means, shall, on the application of one of them, be submitted to the Permanent Court of International Justice unless the High Contracting Parties agree on another method of settlement.

ARTICLE 26.

The present convention shall be ratified.

The instruments of ratification shall be exchanged at Paris.

The present convention shall enter into force one calendar month after the date of the exchange of ratifications.

In faith whereof the above-named plenipotentiaries have signed the present convention.

Done this 29th day of July, 1937, at London, in duplicate, in English and French, both texts being equally authentic.

ANTHONY EDEN.
CHARLES CORBIN.

Annex.

(See article 5, paragraph 3.)

Hadj el Mehdi ben el Arbi el Menebhi.
Si Jaafar ben Hadj el Mehdi el Menebhi.
Si Abdelmajid ben Hadj el Mehdi el Menebhi.
Si Hamsa ben Hadj el Mehdi el Menebhi.
Si Mohammed (or Larbi) ben Hadj el Mehdi el Menebhi.
Si Mokhtar ben Hadj el Mehdi el Menebhi.
Si Ahmed ben Hadj el Mehdi el Menebhi.
Si Mohammed ben Hadj el Mehdi el Menebhi.
Si Abdelqader ben Hadj el Mehdi el Menebhi.
Si Abbas ben Hadj el Mehdi el Menebhi.
Si Abdelkerim ben Hadj el Mehdi el Menebhi.
Si Abdellatif ben Hadj el Mehdi el Menebhi.

Omar bel Hadj Hassan el Hadjoui, supernumerary Consular employee, Fez.

Ahmed el Doukali (Hamed bel Hadj Mohammed bel Abbas Doukali), supernumerary Consular employee, Casablanca.

Sid Abderrahman bel Hadj el Mehdi el Menebhi, supernumerary Consular employee, Tangier.

Akhamlish, Mulai Ali, semsar in the employment of Adolfo Benvenuto, Tangier.

Anidjar, Amram P.. semsar in the employment of Juan Dassoy, Tangier.

Anidjar, David, semsar in the employment of J. W. Biggs, London.

Azagury, Elias S., semsar in the employment of Stewart Bros. and Co., Glasgow.

Benchimol, Jacob M., semsar in the employment of Seegar Bros. and Co., Manchester.

Benlolo, Leon, semsar in the employment of Samuel Sadler and Co., London.

Bensadon, Joseph M., semsar in the employment of Isaac Abensur, Tangier.

(7) See *British and Foreign State Papers*, Vol. XCIX, page 357.

Bensimhon, Simon, semsar in the employment of Isaac de J. Nahon, Tangier.

Cohen, Haim, semsar in the employment of Spruce Manufacturing Co., Ltd., Manchester.

Cohen, Isaac Abraham, semsar in the employment of Alexander Arias, Tangier.

Cohen, Isaac Joseph, semsar in the employment of S. Arditti Bros., Manchester.

Cohen, Jacob Jonas, semsar in the employment of Stewart Bros. and Co., Glasgow.

Cohen, Joseph Semtob, semsar in the employment of Lough Bros., Ltd., London.

Cohen, Simon J., semsar in the employment of Maurice Cohen and Co., London.

Cohen, Solomon Isaac, semsar in the employment of Kessler and Co., Ltd., Manchester.

Daoudi, Thami, semsar in the employment of C. E. Gerahty, Tangier.

Dukali, Kassim, semsar in the employment of Waring and Gillow, London.

Laredo, Isaac, semsar in the employment of Harrison and Crosfield, Ltd., London.

Levy, Abram M., semsar in the employment of Robert Baels and Co., London.

Medina, Afraim H., semsar in the employment of Mrs. Zohra Gabay, Tangier.

Nahon, Isaac M., semsar in the employment of Moxon's Agencies, Tangier.

Nahon, Leon H., semsar in the employment of José D. Cavilla, Tangier.

Pariente, Joseph J., semsar in the employment of E. T. Daniels and Wise, London.

Protocol of Signature.

At the moment of signing the convention of this day's date the undersigned, being duly authorised to this effect—

1. Declare that it is the intention of both Governments that ratifications shall be exchanged at such date as to enable the convention to come into force on the 1st day of January, 1938;

2. Declare, with reference to Article 7, that the present convention in no way affects the treaties in force under which in the French Zone of the Shereefian Empire,

(*a*) British subjects, British-protected persons and British companies enjoy equality of treatment with French citizens and French companies in the matter of rights concerning movable and immovable property, mining rights, the exercise of professions, commerce, business and industry;

(*b*) British ships enjoy equality of treatment with French ships;

(*c*) British subjects, British-protected persons and British companies enjoy equality of treatment in matters of taxation with French citizens and French companies;

3. Declare, with reference to Article 19, that the present convention in no way affects the treaties in force under which, in the territories of His Highness the Sultan of Zanzibar, French nationals and French companies enjoy the equality of treatment with British subjects and British companies in regard to the matters specified as in paragraph 2 above;

4. Declare that the effect of Articles 1 and 16 of the convention is—

(*a*) as regards the General Treaty signed at Tangier on the 9th December, 1856, to abrogate in so far as they are still in force Articles 2, 3, 4 (except the first and last sentences), 5 to 12, 14, 17 and 18 (except in so far as the provisions of this article are maintained by Article 18 of the convention); and (*b*) as regards the Act of Algeciras(*) to involve the renunciation by His Majesty the King of

(*) Treaty Series No. 4 (1907).—Cd. 3302.

the right to rely upon Articles 1 to 50, 54 to 65, 70, 71, all provisions of Article 72 after the word "permit," 75, 76, 80, 97, 101, 102, 104, 113 to 119; further, in Article 81 the words "by the competent consular authority" must be deemed to be omitted and in Article 91 the word "competent" must henceforth be substituted for the word "consular";

5. Declare that, in view of the fact that some of the provisions in the instruments referred to in paragraph 4 above were not considered in the course of the present negotiations, it is understood that the present convention in no way affects the question whether the provisions of these two instruments, which are not specifically mentioned in paragraph 4 above, are still in force or have become obsolete, and the respective points of view of the two High Contracting Parties are entirely reserved as regards the continuance in force of these provisions, and the present convention cannot be invoked in this respect.

Done this 29th day of July, 1937, at London, in duplicate, in English and French, both texts being equally authentic.

ANTHONY EDEN.
CHARLES CORBIN.

Minute.

The two Delegations desire to record in a minute certain conclusions which were reached in the course of the negotiations relating to the abolition of rights of a capitulatory character in the French Zone of the Shereefian Empire. These conclusions are as follows:—

(1) Upon the promulgation of the projected Arrêtés Viziriels, referred to in the Note of the 26th April, 1937, from the Residency-General at Rabat to His Majesty's Consul-General at that city, which will modify the Arrêtés Viziriels of 1933 so as to allow motor-transport enterprises in the French Zone of the Shereefian Empire to insure their vehicles and their employees with different companies, His Majesty's Government will forthwith cause a King's Regulation to be made applying to British subjects, British-protected persons and British companies, the provisions of the legislation governing transport in the French Zone of the Shereefian Empire.

They will also, upon the promulgation in the French Zone of the projected legislation regarding the insurance of motor vehicles, at once cause a King's Regulation to be made applying this legislation to British subjects, et cetera, subject to such reservations as have already been agreed upon.

It is possible that the point arising on Article 17 (*g*) of the projected Vizerial decree on insurance of motor vehicles may have to be the subject of further discussion, but there should be no difficulty in settling this point long before January 1938.

(2) With reference to paragraph 2 of Article 5, the terms of which are limited to natives of the French Zone of the Shereefian Empire, the United Kingdom Delegation requested that, when the list provided for in this paragraph is drawn up, the British Consulate-General should be permitted to include in it about 10 semsars and consular employees at present resident in the Spanish Zone on the grounds that these persons are at present subject to the British consular court if they engage in litigation in the French Zone, and, further, that it would be illogical if in the future by reason of a similar agreement with the Spanish Government they should be subject to the Spanish courts in the Spanish Zone, that they should be subject to the native courts in the French Zone.

The French delegation took note of this request and explained that it was a point on which they had at present no instructions from their Government, and that there was not at this stage of the negotiations time to obtain such instructions. They, nevertheless, undertook to recommend this request for the favourable consideration of the French authorities when discussions took place with regard to the drawing up of the list.

(3) With reference to Article 7, the two Delegations wish to place on record that a copy of the Dahir of the 12th August, 1913, which at present regulates the status of French citizens and of foreign nationals in the French Zone of the Shereefian Empire was

produced and note was taken thereof by the United Kingdom Delegation.

(4) With reference to paragraph 2 of the Protocol of Signature, it was agreed by both Delegations that the existence and duration of the rights referred to in this paragraph should not be deemed to be affected in any way by any abrogation of the Commercial Treaty signed at Tangier in 1856 or by its replacement by another commercial treaty of a non-permanent character.

(5) It is understood that, during the commercial negotiations envisaged in the letters with regard to the Commercial Treaty of 1856 the question of the " Règlement sur les douanes " in the French Zone may be included as one of the matters to be discussed.

C. HOWARD SMITH
CORDIER.

Foreign Office, the 29th day of July, 1937.

Exchanges of Notes.

No. 1.

M. Corbin to Mr. Eden.

Ambassade de France
en Angleterre.

Londres,
le 29 juillet 1937.

Monsieur le Secrétaire d'État,

Au moment de procéder à la signature de la Convention relative à l'abolition des droits de caractère capitulaire dans la zone française de l'Empire chérifien Votre Excellence a exprimé le désir de connaître le régime qui sera appliqué dans cette zone aux missionnaires britanniques.

J'ai l'honneur de vous faire savoir que le Gouvernement français m'a autorisé à porter à la connaissance du Gouvernement britannique que les missions britanniques, autres que les missions catholiques, bénéficieront, pour leurs établissements anciens ou futurs, dans la zone française de l'Empire chérifien, du même traitement que les missions françaises. Les missions catholiques britanniques jouiront du traitement accordé aux missions catholiques de la nation la plus favorisée à l'exception des missions catholiques françaises.

Veuillez agréer, &c.
Ch. CORBIN.

Mr. Eden to M. Corbin.

Foreign Office,
London, July 29, 1937.

Your Excellency,

I have to acknowledge the receipt of your letter of this day's date relating to British missionaries in the French Zone of the Shereefian Empire and to state that His Majesty's Government in the United Kingdom are in agreement with the terms of this letter.

I have, &c.
ANTHONY EDEN.

Mr. Eden to M. Corbin.

(Confidential.)
Foreign Office, S.W. 1,
July 29, 1937.

Your Excellency,

His Majesty's Government in the United Kingdom desire to recall to the French Government the oral undertaking given by Marshal Lyautey in April 1914 to Sir H. White, His Majesty's Chargé d'Affaires at Tangier, regarding the status of missionaries in the French Zone of the Shereefian Empire.

2. According to the information of His Majesty's Government, Marshal Lyautey, in this undertaking, expressed his willingness to exempt from strict compliance with the requirements of the decree then in force relative to doctors, those British missionaries of both sexes who had hitherto given their services gratuitously to the poor, but who, owing to their having no diploma and not having been established in Morocco the necessary time, would, under the above-mentioned decree, have been debarred from continuing their medical

work. Marshal Lyautey offered, in recognition of the good services which they had rendered, to consider such missionaries as " nurses." This undertaking of Marshal Lyautey was subject to the condition that all attempts to make religious converts amongst Moslems are absolutely forbidden in Morocco.

3. His Majesty's Government, in agreement with the French Government, desire to place on record the understanding between the two Governments that the British missionaries in question, whose names are set out in the annexed list, shall during the continuance of their medical work in the French Zone of the Shereefian Empire enjoy the facilities extended, and the exemption granted, to them by Marshal Lyautey's undertaking of April 1914.

I have, &c.
ANTHONY EDEN.

List of British Missionaries covered by the Lyautey Agreement in April 1914 and still engaged in medical work in the French Zone.

Name.	*Locality.*
Mr. and Mrs. Robert Badger ...	Saffi.
C. Nairn	Marrakesh.
Mrs. Nairn	Marrakesh.
David Muir	Marrakesh.
(1)Mr. and Mrs. James Haldane ...	Mazagan.
Miss Ritchie	Mogador.
Miss Hancock	Amizmiz.
Miss Macnab	Settat.
Miss Alderson	Taroudant.
Miss Sophie Denison	Fez.
(2)Miss Florence Marston	Taza.
(2)Mrs. Elizabeth Simpson	Guercif.

(1) Mrs. Haldane was Miss Carlisle in 1914.
(2) Working in Tangier in 1914.

M. Corbin to Mr. Eden.

Ambassade de France
en Angleterre.

Londres,
le 29 juillet 1937.

Monsieur le Secrétaire d'État,

J'ai l'honneur d'accuser réception à Votre Excellence de sa lettre en date de ce jour, relative à certains missionnaires britanniques dans la zone française de l'Empire chérifien.

Je m'empresse de faire savoir à votre Excellence que le Gouvernement français est d'accord sur les termes de cette communication.

Veuillez agréer, &c.
Ch. CORBIN.

M. Corbin to Mr. Eden.

Ambassade de France
en Angleterre.

Londres,
le 29 juillet 1937.

Monsieur le Secrétaire d'État,

Au moment de procéder à la signature de la convention relative à l'abolition des droits de caractère capitulaire dans la zone française de l'Empire chérifien, j'ai l'honneur de porter à la connaissance de Votre Excellence que le Gouvernement français ne fera pas d'objection à ce que le consul général de Grande-Bretagne à Rabat intervienne auprès des autorités compétentes en faveur des personnes visées aux paragraphes deux et trois de l'article 5 de ladite convention.

Veuillez agréer, &c.
Ch. CORBIN.

Mr. Eden to M. Corbin.

Foreign Office,
London, July 29, 1937.

Your Excellency,

I have the honour to acknowledge the receipt of your Excellency's note of this day's date relating to the persons covered by paragraphs 2 and 3 of Article 5 of the convention relating to the

abolition of rights of capitulatory character in the French Zone of the Shereefian Empire, and to state that His Majesty's Government in the United Kingdom are in agreement with the terms of this letter.

I have, &c.
ANTHONY EDEN.

Mr. Eden to M. Corbin.

Foreign Office,
Your Excellency, *London, July* 29, 1937.

There have been disputes in the past as regards the application to the immovable property of British subjects, British-protected persons and British companies in the French Zone of the Shereefian Empire of protectorate legislation relating to expropriation, or the imposition of servitudes, for reasons of public utility and as regards the compensation payable therefor. Since it is the desire of both Governments that all these disputes shall be settled or provision made for their settlement at the moment when British subjects, British-protected persons and companies in the zone cease to be subject to a special judicial régime, it has therefore been agreed that within two months of the date of this note His Majesty's Consul-General at Rabat shall present a list to the Shereefian authorities of all the cases of this kind which His Majesty's Government in the United Kingdom consider should be settled. In the two months following receipt of the list the Consul-General and the Protectorate authorities will settle as many of these cases as possible by agreement between them.

If there are any cases which cannot be settled in this way, it has been agreed that they shall be referred to M. Cordier, First President of the Court of Appeal at Rabat, to give his opinion as regards the amount of compensation which is due as a matter of equity on the understanding that the Government of the French Republic and His Majesty's Government in the United Kingdom agree to accept this opinion as final.

I have, &c.
ANTHONY EDEN.

M. Corbin to Mr. Eden.

Ambassade de France
en Angleterre.

Londres,
Monsieur le Secrétaire d'État, *le 29 juillet* 1937.

J'ai l'honneur d'accuser réception à Votre Excellence de sa lettre en date de ce jour, relative au règlement de certaines questions d'expropriation intéressant des sujets, protégés et sociétés britanniques dans la zone française de l'Empire chérifien.

Je m'empresse de faire savoir à Votre Excellence que le Gouvernement français est d'accord sur les termes de cette communication.

Veuillez agréer, &c.
CH. CORBIN.

M. Corbin to Mr. Eden.

Ambassade de France
en Angleterre.

Londres,
Monsieur le Secrétaire d'État, *le 29 juillet* 1937.

Au moment de procéder à la signature de la convention relative à l'abolition des droits de caractère capitulaire dans la zone française de l'Empire chérifien Votre Excellence a exprimé le désir de connaître le régime qui serait appliqué dans cette zone aux chambres de commerce britanniques.

J'ai l'honneur de vous faire savoir que le Gouvernement français m'a autorisé à porter à la connaissance du Gouvernement du Royaume-Uni que les chambres de commerce britanniques seront admises à exercer leur activité dans la zone française de l'Empire chérifien à condition de se conformer aux lois et règlements

applicables aux associations. Ces chambres ne seront pas assimilées aux chambres consultatives françaises auxquelles sont conférés des droits de caractère politique. Il entre, par contre, dans les intentions du Gouvernement français qu'elles soient traitées de la même manière que les associations professionnelles françaises et qu'en particulier elles puissent dans les mêmes conditions que ces dernières présenter des vœux et des suggestions à l'Administration française du Protectorat.

Veuillez agréer, &c.
CH. CORBIN.

No. 8.

Mr. Eden to M. Corbin.

Foreign Office,
Your Excellency, *London, July* 29, 1937.

I have the honour to acknowledge the receipt of your Excellency's letter of this day's date relating to British Chambers of Commerce in the French Zone of the Shereefian Empire, and to state His Majesty's Government in the United Kingdom have taken note of the terms of this letter.

I have, &c.
ANTHONY EDEN.

Mr. Eden to M. Corbin.

Foreign Office,
Your Excellency, *London, July* 29, 1937.

I have the honour to inform your Excellency that His Majesty's Government in the United Kingdom agree with the French Government in recognising that the conditions laid down in Article 14 of the Commercial Treaty of 1856 for the denunciation of that treaty no longer correspond with modern conditions, and being equally desirous of revising the said treaty, agree that it is opportune to begin negotiations for the purpose of establishing the commercial relations between Great Britain and Morocco on a new basis corresponding to the respective economic interests of the contracting parties.

The new commercial treaty shall be based upon the principles of reciprocity and shall replace the Commercial Treaty of 1856.

It is understood that the two Governments will endeavour to secure that such a treaty shall be concluded before the entry into force of the treaty relating to the abolition of capitulatory rights in the French Zone of the Shereefian Empire.

I have, &c.
ANTHONY EDEN.

M. Corbin to Mr. Eden.

Ambassade de France
en Angleterre.

Londres,
Monsieur le Secrétaire d'État, *le 29 juillet* 1937.

J'ai l'honneur de porter à la connaissance de Votre Excellence que le Gouvernement de la République française est d'accord avec le Gouvernement de Sa Majesté dans le Royaume-Uni pour reconnaître que les stipulations de l'article 14 du Traité de Commerce de 1856, en ce qui concerne la dénonciation de ce traité, ont cessé de correspondre aux conditions actuelles, et, désireux comme lui de reviser ledit traité, il est également d'accord pour estimer opportun d'ouvrir des négociations à l'effet d'établir les relations commerciales entre le Maroc et la Grande-Bretagne sur des bases nouvelles correspondant aux intérêts économiques respectifs des parties contractantes.

Le nouveau Traité de Commerce sera basé sur le principe de la réciprocité et remplacera le Traité de Commerce de 1856.

Il est entendu que les deux Gouvernements s'efforceront de faire en sorte que ce nouveau traité puisse être conclu avant l'entrée en vigueur de la convention relative à l'abolition des droits de caractère capitulaire dans la zone française de l'Empire chérifien.

Veuillez agréer, &c.
CH. CORBIN.

[W 15873/46/28] No. 32.

Board of Trade to Dominions Office.—(Communicated to Foreign Office by Board of Trade, August 21.)

(Confidential.)

Sir, *Board of Trade, August 21, 1937.*

I AM directed by the Board of Trade to refer to the Anglo-French Convention for the Abolition of Capitulations in Morocco and Zanzibar which was signed on the 29th July last and has been published as Cmd. Paper 5538, and I am in particular to call attention to the letters Nos. 9 and 10 annexed thereto, regarding the opening of negotiations for a new commercial treaty to replace the Anglo-Moroccan Commercial Treaty of 1856.

2. In this connexion I am to state, for the Secretary of State's information, that during and subsequently to the negotiations which led to the conclusion of the Capitulations Agreement officers of this Department had informal conversations with two members of the French delegation, namely, M. Coursier of the African Department of the French Ministry of Foreign Affairs and M. Marchal of the Moroccan Administration, on the question of commercial negotiations.

3. In the course of these conversations the French representatives referred to the three main factors governing the economic status of Morocco, viz., (1) the limitation of import duties to 10 per cent. *ad valorem* resulting from article 7 of the Commercial Treaty of 1856; (2) the "Règlement douanier" laid down in Chapter V of the Act of Algeciras; and (3) the principle of commercial equality, also embodied in the Act of Algeciras. They went on to explain that the French Government were now aiming, firstly, at tariff autonomy in the French Zone, including the right to fix *ad valorem* or specific duties and, secondly, reforms in the matter of the "Règlement douanier," covering such matters as the procedure to be followed in connexion with disputes as to the Customs valuation of goods and also the introduction of certain import quotas. They further stated that ultimately it was hoped to establish a system of preferences as between France and the French Zone of Morocco. It was pointed out to them, however, that it would be impossible for His Majesty's Government to agree to accept the principle of preferences in a bilateral agreement which, in any case, could not become operative until the Act of Algeciras was modified. The French representatives replied that they did not desire to press the question of preferences at this stage. What was important at the moment was that the French Government could no longer accept the position resulting from article 14 of the Commercial Treaty of 1856, under which that treaty could only be denounced with the agreement of His Majesty's Government. This provision, they maintained, was of an unequal if not, indeed, of a capitulatory character. The limitation of the height of customs duties to 10 per cent. *ad valorem* which was contained in article 7 of the treaty was similarly in effect capitulatory.

4. It was, however, stated that the French Government would be prepared not to press this point of view, if His Majesty's Government were willing to undertake early negotiations with a view to the institution of tariff autonomy in the French Zone of Morocco and to the reform of the "Règlement douanier," this involving the disappearance or at least the modification of Chapter V of the Act of Algeciras. As part of a new commercial agreement satisfactory to the French Government the latter would be prepared to agree to (1) the consolidation, either at *ad valorem* or specific rates (as might be desired), of the import duties on a list of goods of interest to United Kingdom trade, subject of course to the right of the French Government not to agree to particular requests of this character if there were strong reasons to the contrary; and (2) the institution of quotas on certain classes of goods; the classes to be selected, the basic years and the amount of quotas might, they explained, be made the subject of agreement with His Majesty's Government. Apart from goods on which the duties might be consolidated, other classes of United Kingdom goods would be entitled only to most-favoured-nation treatment.

5. As regards the "Règlement douanier," provisions might be included in the new agreement to deal, *e.g.*, with the question of customs valuation of goods, and appeals from customs decisions; something on the lines of the clauses relative

to these questions included in the abortive exchange of notes signed on the 29th January, 1935,(1) might, perhaps, be appropriate.

6. The French representatives admitted that for any modification of the level of the customs duties in Morocco the consent of Spain would be necessary. Moreover, there was an obligation to maintain uniformity in tariff rates between the French and the Spanish Zones. In the special circumstances of the present time, however, they thought that the possibility of a provisional new tariff for the French Zone was perhaps not excluded.

7. The French Government, they went on to explain, contemplated that the additional 2½ per cent. *ad valorem*, provided for in article 66 of the Act of Algeciras, would continue as an addition to all other import duties levied, whether the rate of the latter were conventionalised or not.

8. Briefly, the situation as regards commercial matters which arose during the negotiations for the Capitulations Agreement was that the French Government on their side were not prepared to agree to a surrender of Capitulations which left intact a perpetual obligation upon them in tariff matters; while His Majesty's Government for their part could not agree to surrender, in advance of commercial negotiations, their right to the limitation of the Moroccan import duties to 10 per cent. *ad valorem*. It was in these circumstances that the compromise solution, embodied in letters Nos. 9 and 10 annexed to the Capitulations Agreement, was reached.

9. It was provisionally agreed that the proposed commercial negotiations should take place during November next, but that preliminary informal interchanges of views by way of correspondence might, with advantage, take place during October.

10. It was pointed out to the French representatives that the Commercial Treaty of 1856 covered all British subjects and was applicable to all the territories of His Majesty: in these circumstances it was not possible for His Majesty's Government in the United Kingdom to come to an agreement with the French Government purporting to abrogate or modify the rights conferred by that treaty in respect of the self-governing Dominions or of India or Burma. The French representatives suggested that the commercial agreement reached between the United Kingdom and France might be extended to the Dominions, India and Burma by means of special agreements containing, where necessary, certain special provisions. They indicated in this connexion that the French Government might have certain desiderata to present to some of the Governments of the self-governing parts of the Empire, having regard to the tariff treatment which the latter accord to Moroccan produce.

11. As regards quotas in Morocco, the French representatives observed that the scheme agreed upon between His Majesty's Government and the French Government in 1934, and embodied in the exchange of notes of the 29th January, 1935, had failed to come into force on account of the attitude of the United States Government, who maintained that quotas would be contrary to the principle of economic liberty without inequality enshrined in the Act of Algeciras. They indicated, however, that the next step to be taken by the French Government would now be to approach the United States Government with a view to securing the surrender of their capitulatory rights, which were derived, through the operation of most-favoured-nation rights, from the rights of His Majesty's Government. With the disappearance of the capitulatory rights of the United States Government the French representatives considered that that Government would no longer be in as strong a position as formerly to resist the introduction of quotas into Morocco.

12. They indicated that it would be the desire of their Government to see quotas applied, as under the abortive exchange of notes of January, 1935, to *inter alia* motor cars and rayon goods, and they were open to consider the application of quotas to cotton goods with a view to assisting the United Kingdom cotton industry in meeting Japanese competition. They did not consider that in selecting a base period for quotas it would be possible to adopt a period ending at some more or less remote date in the past, but thought that it might be found desirable to adopt some fairly lengthy period such as 10 years back from the latest period for which published statistical data of imports into Morocco were available at the time of conclusion of the new commercial agreement.

(1) See Part 73, No. 29.

13. I am to say that the Board would see no objection, should the Secretary of State think it advisable, to communicate the information contained in this letter in strict confidence to His Majesty's Governments in the various Dominions. Similar letters have been sent to the India Office and the Burma Office, and copies have been sent to the Foreign Office and the Colonial Office for information.

I have, &c.
R. J. SHACKLE.

[W 16545/46/28] No. 33.

Acting Consul-General Jakins to Mr. Eden.—(*Received September* 3.)

(No. 141.)

Sir, *Rabat, August* 28, 1937.

I HAVE been awaiting an opportunity to address you on the subject of the reception in the French Zone of Morocco of the Convention for the Abolition of Capitulations.

2. In the lesser press some satisfaction has been expressed that France, too often regarded as a brilliant second in the partnership with England, here definitely comes out on top. There has also been some malicious, if premature, speculation on the change in status of certain pampered habitants of the medina.

3. The two more responsible journals of Morocco, *L'Echo du Maroc* of Rabat and *La Vigie Marocaine* of Casablanca, have been very just, indeed generous, in their comment. Throughout the press there has been a pleasing unanimity in the praise bestowed on the functionng of consular courts while regarding the existence of those courts as an impediment in the political and administrative organism of the protectorate.

4. The *Vigie* of the 31st July, 1937, raises the question of the Spanish Zone in an article of which I have the honour to enclose a copy.(1) After referring to the delicate political situation arising from the nominal government of Valencia and the actual control of the Spanish Zone by the insurgent forces, it states that in common with other Powers England has always treated with France as if France had the rights of protectorate over the whole of the Sultan's dominions. What was now to be the policy of Great Britain? Certainly, the maintenance of the *status quo* so long as civil war continued in Spain and no common authority existed for the mainland and its outlying territories. When, however, unity was restored the central authority would probably ask for a renunciation of the Capitulations in the Spanish Zone on the terms on which they had been renounced in the French Zone, and France, representing the Sultan at those negotiations, would be present to confirm the extension of the same régime throughout the Shereefian Empire.

5. The *Vigie* goes on to refer to the delicacy of the problem confronting Great Britain and France when, having before the 1st January, 1938, signed a commercial treaty to replace the Anglo-Moroccan Treaty of 1856, they came to deal with those foreign countries whose position with regard to customs is automatically governed by the clauses of the treaty of 1856. Spain, the article continues, is one of those countries, and it will be necessary for the Spanish Zone in its own interests and with due regard to third parties to conform to the impending customs and commercial agreement. That is the Gordian knot to be cut.

6. In outside circles, the *vieux marocain*, to use that term to imply, in this context, those with a stake in the country, of however recent an acquisition, and no sympathy with and nothing to gain from recent political tendencies in France, has expressed regret at this disappearance of the Capitulations, perhaps slightly sentimental and certainly not very disinterested, which has crystallised into a criticism of the present administration of the protectorate.

7. In his despatch No. 58 of the 16th April last, His Majesty's consul-general referred to the uneven team-work of the Resident and the delegate: General Noguès pursued, it is said, by his wife's ambitions, M. Morize (who was recently suggested for the post of Resident-General in Tunis) basking in the favour of M. Yvon Delbos, his fellow *Cévenol*. Meanwhile, the country is handed

(1) Not printed.

over to the Departments. In the old days anyone could call on the Maréchal and know he would be admitted and welcomed as a fellow-labourer in a great work of creation, the establishment of a new State. Now one is kept waiting outside the door of a *fonctionnaire* whose only interest is in himself and whose one object is the furtherance of his own career. The Capitulations had gone. A commercial treaty would follow. Customs duties would be raised, and then, inevitably, would come an income tax.

8. This point of view finds some development in an article in *La Vigie Marocaine* of the 20th August, of which I do not enclose a copy. It quotes the *Bulletin Economique du Maroc*, and states that in the official *tableau des sociétés nouvelles* for the period the 1st April to the 30th June twenty-four new companies were formed, nine in Tangier, six in Casablanca, and the remainder spread over various other towns. Among the *transferts de siège social* there are eight movements of which no less than seven concern companies in the French Zone which have decamped to Tangier. Why? I give the answer in the original text:—

> "Le fait est probant: la fiscalité actuelle, les tendances à une fiscalité accrue, les incertitudes sur les conceptions prochaines de la propriété et du capital, une assimilation trop poussée vers une métropole qui compte plusieurs siècles de plus que nous, la domination progressive de l'idéologie sur les réalités de la vie font que nos capitaux du Maroc français cherchent une ville refuge et la trouvent—croient la trouver—à Tanger l'internationale."

Thus all efforts to put the protectorate on a firm footing had resulted in the French Zone's becoming a scarecrow for finance which sought refuge in the very régime, an international one, that with the abolition of the Capitulations was triumphantly suppressed here.

9. I have sent a copy of this despatch to His Majesty's Ambassador at Paris and His Majesty's consul-general at Tangier.

I have, &c.
H. G. JAKINS.

[W 18698/827/28] No. 34.

Consul-General Hurst to Mr. Eden.—(*Received October* 8.)

(No. 154.)

Sir, *Rabat, October* 2, 1937.

I HAVE the honour to transmit herewith a report by Mr. Vice-Consul Jakins on the recent disturbances at Meknes which occurred while he was in charge of this post and on their repercussions. The report also contains his observations on some of the underlying causes of dissatisfaction and the outlook for the future.

2. Since I had the honour to address to you my despatch No. 58 of the 16th April last, the situation in the French Zone has undergone a change for the worse. Intrigues of those foreign interests beyond the borders which would view with satisfaction a general rising against the protecting Power have, I consider, played only a minor part in this deterioration. The French have more themselves to blame. The Front populaire Governments have bestowed greater freedom upon the native and removed—perhaps prematurely—a number of restrictions, but the process has been jerky and uneven. Ministers and politicians from France arrive at frequent intervals; they tour rapidly round the country, exhaling a fragrance of fraternity and social reform perhaps well adapted for France, but far less so for the Moor, and apt to be misunderstood by him and regarded as weakness. The time of the Resident-General is largely occupied in accompanying such self-important visitors in their rangings from Agadir to Oudjda, and the shadow of interference from Paris must, at times, lie chill athwart his path.

3. But the basic causes of the present unrest are economic, nor can one foresee an early ending of this economic discontent. It is true that it has been aggravated by a succession of bad harvests, and that the prospects for next year are brighter. (The Moor is still essentially pastoral and agricultural, in spite of a drift to the town.) Yet prices continue to rise, markets for local produce are still difficult to find and, if a somewhat histrionic gesture has done away

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with the country markets tax, the incidence of indirect taxation on sugar, tea and other native requirements strikes heavier.

4. Thus, the future is not too bright. The surface of the waters is ruffled by sudden catspaws, and the stillness of the past few years is already but a memory. Although I consider that nothing short of pronounced administrative incompetence would, in normal world circumstances (in a time of war, and with depleted troops, France could scarcely hope to find another Lyautey), bring on a storm, official circles are decidedly uneasy. One official of some experience expressed an opinion that Morocco had reached the stage of evolution already attained by Egypt, Syria and Iraq and could not be held back and retained as a protectorate much longer, a view which is, perhaps, worth recording. I consider, however, that it is a good deal exaggerated.

5. Incipient rioting occurred at Marrakesh on the 24th September during the visit of M. Ramadier, Under-Secretary of State for Public Works. I do not attach much importance to this incident, which I regard as isolated and fortuitous. A despatch on the subject from His Majesty's consul at Marrakesh, No. 40 of the 25th September, is enclosed.

6. I am sending copies of this despatch with its enclosures to His Majesty's Ambassador in Paris and His Majesty's consul-general in Tangier.

I have, &c.

L. H. HURST.

Enclosure 1 in No. 34.

Memorandum respecting Unrest in the French Zone of Morocco.

ON the 2nd September troops were called out at Meknes. Firing took place and a number of Moors were killed. A reliable eyewitness states that the troops fired first. If they did it was under the greatest provocation. The newspapers, however, declare that the troops were sniped at from the house-tops. Whichever version is correct, there is a general disposition to criticise the French for permitting the demonstration to assume considerable proportions.

2. Water is given as the origin of the trouble, although rising prices, pressure of taxation and scarcity of cereals have all helped to create an uneasy atmosphere. (The Office du Blé will not allow the import of wheat from Canada at 140 fr. a quintal but insists on the import of Algerian cereals, grown, it is said, by *colons*, at 175 fr. upwards a quintal.) So far as water is concerned the autochthon, as he is now described, forgets that his population has increased under the Protectorate, so that supplies which were formerly ample now prove inadequate. This year rainfall in the Atlas above Meknes was deficient and additional demands have fallen on the town by the presence of refugees from the famine regions in the south.

3. What the native remembers is that the slopes of Tanout between Meknes and El Hadjeb have been given over to *colons*. The Boufekrane, the stream that serves as principal water supply to the city of Meknes, was diverted to the settlers' farms, with the result that little water remained over for the patches of land on which the *indigène* cultivates his handful of vegetables and fruits and none at all, apparently, for native flour mills in the town or for the basins that stand in the mosques for ritual ablutions.

4. On the 1st September a number of Moors from the medina made a demonstration in front of the Services municipaux at Meknes. The Chef des Services municipaux and the Pasha harangued the group, stating that the question of water was already under consideration and promising that satisfaction would be given to their claims. Five of the demonstrators were retained in custody.

5. On the 2nd September, when the five were brought before the Pasha's court and sentenced to three months' imprisonment, a crowd gathered in the large open space normally used as a market, before the famous Bab Mansour. There was some stone-throwing, firing began and the Moors carried off their dead. Ten are said to have been killed on the spot and twenty to have succumbed later from wounds. At the same time looting took place in the mellah.

6. On the 3rd and 4th September shops in the native town remained closed. A deputation of notables called on the French authorities to dissociate themselves

from the disturbances. The general and the leading officials took peace offerings to the mosques; the five prisoners remained in custody.

7. On the 6th September a general day of prayer was ordained and an attempt was made to induce native shopkeepers throughout the country to close. Rabat, Casablanca, Fez and Oudjda at once responded. Meknes, Marrakesh and Salé remained unaffected. At Rabat a guard was placed on the mellah and there was some stone-throwing and molestation of motorists.

8. The *Action Populaire* and the *Atlas*, Rabat Moorish newspapers, were proscribed together with a report of "les débats socialistes du Conseil du Gouvernement" which attacked the army. The annual congress of "L'Association des Etudiants nord-africains" arranged for the 15th September in Rabat was cancelled. On the same day the Resident-General, who had advanced his return from leave in France by a week, rejoined his post by air.

9. On the 8th September General Noguès went to Meknes in person. He promised that steps would be taken to restore the waters of Boufekrane to the town and that the *colons* would be supplied from another source (undefined). He refused to release the five prisoners. The Resident-General stayed in the district several days. He went to Fez and from there visited Immouzer, through which the new imperial road through the Atlas is to pass and where the local Kaïd was said to be in difficulties. He finally attended a native festival at Moulay Idriss, in the neighbourhood of Meknes, the shrine of all Morocco.

10. Of the persons concerned in the troubles sympathy goes out to the responsible officials of the district. It is said that they were opposed to tampering with the water supply of the town but were overruled by Rabat. At the same time record must be made of an unaccustomed indecision among the armed forces in dealing with a threatening situation. A blank volley fired into the air at an early stage would, it has been said, have dispersed the mob and kept the incident within appropriate limits. Instead, nothing was done until the situation was almost out of hand and then the military fired into the crowd. Can the political rot that has certainly set in in civil circles have contaminated the army?

11. One group that formed itself into prominence was that of the Moorish nationalists, who seized the opportunity for a canter. True they arrived on the spot too late for any effective intervention. Perhaps they intended nothing serious, for they must know that Meknes, as the heaviest garrisoned town in Morocco and a centre for military concentration, is a particularly unsuitable place at which to attempt a trial of force. Still a party from Salé went to Meknes specially for the occasion.

12. Moorish nationalism has so far been confined to young men of decent families, scarcely, perhaps, the stuff that national heroes are made of (the comfortable Moor is very craven), but persons who, denied a share or opportunity in the administration of the country, take to politics in the absence of other distractions. They use as their tools that most deplorable of all the creations of the French occupation of Morocco, the band of rogues and ragged urchins that, dressed in European castaway clothing (there is a firm local market for discarded Whitechapel trousers at 4*d*. each, waistcoats at 1½*d*.) lounges about the gates and walls of the cities and sprawls in the squares and public places. Scorned by their own people, unassimilated in the new order, they gain a miserable livelihood from whatever chance may offer and are ripe for any mischief. These are the people who throw stones, who molest Europeans, who attack motor cars, and are ever alert for loot.

13. There remains the part played by the mass of the Moorish population. Cautious traders, solid townsmen, hard-working tillers of the soil, content to be left to live in quiet, they have no interest in political movements, but are vaguely disturbed by what goes on around them. Tenacious of tradition, they see the immediate effects of an imposed Government: violation of their rights and disregard of their interests by an Administration which seems to be almost entirely corrupt. That the foreigner should flourish they might accept if his presence did not account for that deeper outrage to Moorish sentiment, the rise of the Jew.

14. In few countries can the place of the Jew have been lower than in Morocco up to quite recent times. In none can the change, for those who have sought it, been more rapid or more startling. The advent of the French in Morocco has meant the release of the Jew from his mellah. The Moor retains his traditional dress and remains in his medina, the Jew discards his gabardine

and floods into the *villes nouvelles*. One of the minor causes of friction at Meknes has been the use of the swimming pool. The French accuse the Moor of foul diseases and forbid him access to the pool. The Jew, whom few would claim to be cleaner than the Moor, puts on a pair of trousers and walks in with the European. Such seeming trifles breed resentment. It has been said that of any body of Moors, only half would trouble to move if asked to rise against the French. But if asked to attack the Jews they would rise as one man.

15. What are the chances of Moorish nationalism? Little, it would seem, at the moment. French officials talk glibly of incorporating Morocco in France; that at least is quite impossible now. Fez, Rabat and Marrakesh are still too segregated for concerted effort. The feeling, if not the fact, of the old separate kingdoms still remains. At the same time it is clear that the nationalist movement is spreading if, as yet, not appreciably growing. Further, it has received an impetus from developments in Palestine. That salvation can come from within seems unlikely; there is no native leader on the horizon. But Tawfik Kawakji from hated Syria came to inspire the Arabs of Palestine, and in the course of time despised neighbouring Algeria may provide Morocco with the spark it needs. Developments in the Spanish Zone may help to kindle the fire. Then, to state the position in extreme terms, the turn of Germany in Morocco may come at last. England has abandoned the country, France rules herself out; may not the Moor turn to a fellow Jew-baiter?

16. Meanwhile, early and unexpected rains, happily falling in the famine regions in the south and moving northwards to the Gharb plains, have given the native an immediate occupation on the land and something fresh to think about. Summer idleness, when the weather is trying and the last crops have been gathered in and the sowing of fresh ones held up for the autumn showers, has always found Morocco restless.

Rabat, September 1937.

Enclosure 2 in No. 34.

Consul Parr to Consul-General Hurst.

(No. 40.)

Sir, *Marrakesh, September* 25, 1937.

IT is not yet easy to disentangle the precise truth regarding the disturbance here yesterday on the occasion of the visit of the Resident-General and M. Ramadier, but, so far as I can learn, events were as follows:—

2. The Pasha's Khalifa, Si Ahmed-el-Biaz, had sent "asses" to the souks before M. Ramadier's visit with instructions that shops should be closed and flags hung out, and arrangements had been proposed for the customary parade of women and dancers. This, of course, is the normal procedure for visitors of importance. The instructions seem to have been sent out only at the last moment, and a certain number of people, as I am informed, were quite ignorant of the motive of the order. This fact itself led to a certain amount of uneasiness. Amongst better-instructed people it was objected that at the present time it would be more appropriate to call the attention of the visitors to the serious situation of the numbers of poor people wholly dependent on charity and public assistance for their food rather than to organise a conventional welcome. This was represented to Si Ahmed-el-Biaz by a deputation from the Jeunesse marocaine, and a violent discussion took place. The authorities have been nervous for some time past, and, on representations from the Khalifa, gave orders for the arrest of the deputation, who are said to have given themselves up voluntarily on learning of this decision.

3. In the afternoon the Resident-General and M. Ramadier visited the souks in the company of the Khalifa. An attempt was made to present a petition to the Resident-General and a scene ensued. The petitioner was arrested, to the marked displeasure of the crowd, and, although no serious incident took place, the visitors seem to have been hustled. Meanwhile, a large number of the indigent of the town had been collected at the Kissaria des Semarines, and General Noguès did go to see them. Later on there was an unorganised demonstration in the Djenna-el-Fna, the principal square of Marrakesh, and the native police

made a baton-charge in order to disperse the crowd, which retaliated by stone-throwing. There were no serious casualties, and the troops held in readiness were not called on. Quite possibly the baton-charge was not really necessary. A number of arrests were made, and it is said that many sympathisers followed their comrades to the prison. Further arrests have been made to-day, and a detachment of Gardes mobiles has been brought up from Casablanca.

4. It seems likely that an immediate cause of the incident was the presence of the Khalifa with the Resident-General's party. In Marrakesh popular feeling tends to be more hostile to the native magnates, who are considered to be instruments of the French, than to the French themselves. The principal reason for this is the policy which has aimed at conciliating the pashas and kaïds of Southern Morocco in order to ensure their support to the Protectorate authorities. This policy has been carried to such a length that lawyers will assert that it is impossible to obtain execution of a court judgment against any notable held to be of political importance, and that such persons are in a position to exploit the mass of the natives with impunity. So far as I have been able to judge during my few months at Marrakesh this constitutes the weakest point in the Administration and is the most dangerous from a political point of view, although it must not be understood that other grievances are lacking.

5. As it is stated above, the French authorities, and also the non-official French residents, in this part of Morocco have been apprehensive for some time of the possible trend of events. It is significant that a contingent of "goum" troops had been brought to the town for the Resident-General's visit. Moreover, the prevalent economic distress adds to the anxieties of the situation. The recent rioting at Meknes had no open repercussion here, but it caused real concern to the authorities, whose investigations have led them to think that they may find themselves in the near future at grips with an organised hostility encouraged and financed from outside.

6. How far these fears are warranted I am not in a position to judge, but the practical chances of success for an anti-French movement here seem so remote that it would appear unlikely that any level-headed opinion should countenance it. On the other hand, it must be remembered that the great mass of the population is ignorant and easily led, is conscious of its exploitation, and, at the present time, is in very grave economic distress. Thus a readier reception is accorded to the incitements of the native press and the foreign broadcaster. It is true also that less than two years ago the French Government decided to give way to a subversive movement in Syria that could hardly have been maintained in the face of a firm refusal to be coerced by it. Doubtless these considerations are present to the direction of the Jeunesse marocaine and, if it is true that material help is being furnished from other quarters, an attempt may be made to achieve results by direct action. Some of the demands of this movement, however, must be unacceptable to the Government of the Republic, and, indeed, certain measures proposed could not but arouse concern on the part of any Christian Power with interests in Morocco. It is clear then that elements for a serious struggle do exist, and it would be unwise to assume that the situation to-day is one of merely transitory unrest.

I have, &c.
ROBERT PARR.

[W 19482/827/28] No. 35.

Consul-General Hurst to Mr. Eden.—(*Received October* 22.)

(No. 158.)

Sir, *Rabat, October* 5, 1937.

WITH reference to my despatch No. 154 of the 2nd instant relative to recent disturbances in the protectorate, I have the honour to inform you that I called on the Resident-General to-day on my return from leave.

2. His Excellency received me with marked cordiality. After expressing his satisfaction at the ease with which the Anglo-French discussions, relative to the abolition of the Capitulations in the French Zone, had been brought to a satisfactory conclusion in London last July and a reference to the urgent need for continued Anglo-French collaboration of the closest nature, especially in the

Mediterranean, General Noguès, emerging from his customary reserve, spoke with some frankness about the political situation in the French Zone.

3. The recent disturbances at Meknes had cut short the last part of his leave. The situation had seriously deteriorated while he had been away. The senior officials had for the most part been absent on leave during the summer, and those left in charge, at Rabat and elsewhere, had been afraid to take the rapid decisions which the circumstances required. He would, if necessary, imprison or deport the Nationalist leaders who were trying to work on and inflame the ignorant masses and take any other steps which the restoration and maintenance of order might demand, and had no doubt of his ability to master the situation. Simultaneous disturbances, proving as they did widespread organisation, made it easier to arrest the leaders of the movement.

4. After referring to the part foreign intrigues at the two ends of the scale had played in stirring up the present troubles, General Noguès spoke of those of members of the Right and extreme Left wings of French politics, both enemies of the Front populaire. They gave the Moor, hearkening to them, an entirely false impression of a protecting Power split and disunited. One or two of the Nationalist leaders unfortunately spoke French well, and missed no opportunity of going to Paris and voicing their woes and hopes to the appreciative or ill-informed there.

5. In order to obtain information on a point which has for some time past been one of uncertainty to me I remarked that I understood that the movement lacked any real leader. (The best-known names are those of Si Allal-el-Fassi, Si Hassan-el-Ouezzani and Mohamed Lyazidi or El Yazidi.) General Noguès said that Si Allal-el-Fassi might become dangerous. He was a visionary, and, he believed, sincere and disinterested—the only one among the whole crowd (his voice expressed contempt for the remainder) to be so. The conversation then turned to other subjects.

6. I am sending copies of this despatch to His Majesty's Ambassador in Paris and His Majesty's consul-general in Tangier.

I have, &c.
L. H. HURST.

[W 20147/827/28] No. 36.

Consul-General Hurst to Mr. Eden.—(Received November 3.)

(No. 170.)

Sir, *Rabat, October 28, 1937.*

THE coming arrest and removal of the leaders of the Nationalist movement in this zone, foreshadowed by General Noguès in his conversation of the 5th instant with me—reported in my despatch No. 158—have now materialised. Following hard upon the Khemisset disturbances, the Nationalist leader, Allal-el-Fassi, and two of his henchmen (Omar-ben-Abdeljelil and Ahmed Mekouar) were arrested in Fez on the 25th, and Mohamed Lyazidi, his principal lieutenant, in Rabat on the same date. A communiqué issued by the Residency announced this fact, and stated that the Khemisset incidents had furnished further evidence that the party of Allal-el-Fassi, styled the "Nationalist Party for the Realisation of Reforms in Morocco," was nothing but a reconstitution of the Comité d'Action marocaine, dissolved by decree last March, and that it had organised a widespread conspiracy to rouse the population against the authorities.

2. The day after the arrests passed uneasily in Fez. Troops had been posted overnight at the principal strategic points of the town, and Berber irregulars had been brought in by lorry. Pickets had been set up, protected by barbed wire. No untoward incidents occurred, however. Many shops were shut. In the early afternoon a procession of the populace, containing a number of youths armed with knives, trailed along, forcibly closing any shops they found open on their way; but torrential rains damped their enthusiasm, and the movement petered out. In Rabat three agitators, who were endeavouring to enforce the closing of shops in the native quarter, were arrested and condemned to two months' imprisonment. A meeting at the mosque in the afternoon fell flat. It was in Casablanca that the only serious incident of the day occurred. It became obvious towards noon that a large manifestation was being prepared. Leaving

the mosque, the crowd endeavoured to enter the Place de France, but refrained on seeing the imposing array of force there, and swerved aside into the native quarters. The authorities now determined to put an end to the manifestation, and twenty police were sent forward to reconnoitre. They got surrounded by some 200 rioters, who attacked them with paving-stones and sticks, and they were hard put to it defending themselves until the main force arrived and disentangled them. No further incidents occurred, and the sight of armoured cars and lorries of Senegalese troops in the town doubtless contributed to this fact.

3. Allal-el-Fassi, who is said to have taken his arrest philosophically, and who may yet play the part of a Zaghlul in this country, and the other three leaders have been removed by car through Midelt to the territories of the south, where they are to make an enforced sojourn.

4. Meanwhile, hardly had the shouting and the tumult of the Khemisset disturbances died, than an even more serious outbreak occurred in Port Lyautey. A clandestine meeting had been convened in the mosque yesterday, and some 400 persons emerged from it early in the afternoon. Police officials met them and advised them to disperse. They refused and, egged on by agitators, attacked the group of some twenty police with stones and sticks. Knives soon came out. Several of the police were stabbed, and they were obliged to open fire in self-protection. A band of rabble, said to have numbered nearly 2,000, now turned up, and it is probable that the police would have been overwhelmed and killed had troops not arrived in the nick of time and scattered the crowd. At least four rioters were killed and some twenty wounded. Several of the police were more or less seriously injured, but there was no loss of life amongst them. A number of arrests were made, and the ringleaders sentenced to two years' imprisonment. A Frenchman who was passing by in a small car during the affray was set upon, his car overturned, and he himself seriously hurt.

5. Preparations had been made for a similar outbreak in Marrakesh, but it was nipped in the bud and the chief organisers arrested. The population in Fez continues to be surly, and the closing of the shops in the native quarter has brought about some shortage of food, but no fresh incidents are reported.

6. Searches made in the houses of leaders of the movement in Rabat and Fez are said to have produced proof of a widespread organisation and conspiracy throughout the French Zone. Indeed, careful preparation is evident from the recent disorders, and it seems doubtful whether the deportation of the four leaders will now of itself greatly impede the movement.

7. French opinion is, needless to say, much alarmed by the speed with which events have developed during the past few days. The seriousness of the movement will depend largely on how far dissatisfaction and sedition have penetrated amongst the tribes. Although the rioters have hitherto been almost exclusively town rabble, there are signs that the infection is spreading wider.

8. The action of General Noguès in arresting the leaders of the movement is certainly not premature or precipitate, and it must have the approval of all who wish for the maintenance of law and order in Morocco. It now appears probable, however, that the near future will call for further and sterner measures.

9. I am sending a copy of this despatch to His Majesty's Ambassador in Paris and His Majesty's consul-general in Tangier.

I have, &c.
L. H. HURST

[W 21166/827/28] No. 37.

Consul-General Hurst to Mr. Eden.—Received November 22.)

(No. 172.)

Sir, *Rabat, November 5, 1937.*

I HAVE the honour to report that, apart from disturbances at Oudjda on the 28th October in which a certain number of persons were injured, the situation in the French Zone has been generally quieter since the events recorded in my despatch No. 170 of that date. The Resident-General has handled matters skilfully and the first round is now perhaps at an end.

2. The policy of arresting the ringleaders and prominent agitators and mischief-makers has been continued. Large numbers have been sentenced to terms of imprisonment ranging from a few days up to two years, some under a specially issued measure prescribing penalties for seditious addresses in mosques. Troops of all sorts, machine guns and tanks have been in evidence in the larger towns and the display of force has been salutary.

3. In Fez, the "Medina"—the native town of narrow streets and tangled passages aslant the bottom of a bowl rimmed by hills—was gradually occupied by the military without loss of life. First General Blanc, Chef de la Région, and then General Noguès, who himself visited the town on the 31st October, addressed the notables in bluff, incisive language. Recalcitrant shopkeepers were stirred into reopening their premises by the announcement that a fine of 100 francs would be imposed on any one of them not doing so, with the further threat that, if they still remained closed, they would be opened *manu militari*.

4. The authorities state that their action has averted a general rising in the French Zone which had been planned for a month hence. General Noguès is well satisfied with the march of events. He considers the present troubles have been scotched and professes an optimism which it is hoped the future may bear out. He has been summoned to Paris in order to discuss the situation with M. Sarraut, Minister for the Co-ordination of North African Affairs.

5. Allal-el-Fassi, the Nationalist leader, in respect of whom the Sultan had issued a deportation order, is to be sent to Gabun, and has already started on his long journey to those equatorial regions.

6. I am sending a copy of this despatch to His Majesty's Ambassador in Paris and His Majesty's consul-general in Tangier.

I have, &c.
L. H. HURST.

[W 21583/827/28] No. 38.

Consul-General Hurst to Mr. Eden.—(*Received November* 30.)

(No. 183.)

Sir, *Rabat, November* 22, 1937.

IN my despatch No. 172 of the 5th instant relative to recent disturbances in the French Zone, I suggested that the first round had perhaps come to an end. The absence of any further troubles during the two weeks which have since elapsed seems to show that such is the case, and that militant nationalism, outpointed by superior weight and reach and skilful ringcraft, has retired dazed to its corner and to the ministrations of its various supporters.

2. General Noguès is well satisfied with the result of his action, and his manifest contentment further suggests that he is now far more sure of the backing of his Government than was the case last spring and summer. The thoroughness of his methods, the deportation to equatorial Africa of the acknowledged leader of the subversive movement, and the removal to Southern Morocco, or imprisonment, of almost all the more important of his followers and many of the lesser fry, to the tune of some hundreds, have come as an unpleasant surprise to the agitators. The town rabble upon whom they worked at Port Lyautey and elsewhere are not the stuff of which heroes and martyrs are made and—far more important—extremist propaganda has not yet made appreciable inroads upon the country population and the tribes. Regional officials have been instructed to send in periodical reports of arms surrendered in their districts in order to ensure that there shall be no slacking off.

3. Having, for the time being, dealt with the nationalist threat, it now remains for the French to proceed with the removal of the more reasonable of the grievances and with the betterment of the economic conditions of their Moorish subjects. Press reports of the decisions of the recently-created organisation for co-ordinating action in the North African territories show that they are alive to this necessity, and a beginning has already been made. The minimum legal wage has been raised from four francs to from five francs to five francs sixty centimes per day, according to the district. A commission for improving housing conditions in the native quarters has been set up. A decree establishes a regular

system of recruitment and remuneration for the judges of the religious courts in place of the haphazard system previously existing. On the other side of the picture, a further decree establishes a more rigorous control over the vernacular press, organs of which had abused its recently authorised establishment.

4. If Morocco is to remain quiet and contented, the improving of the material conditions of the native, who is rarely far from starvation, is of the greatest importance. The problem is not easy and its solution will entail a considerable outlay. Moreover, the Malthusian part played by fighting and disease in the pre-protectorate days no longer holds and the population is increasing fairly rapidly. All this leads one to the conclusion that one compensation to offset against further heavy expenditure over the protectorate which metropolitan France will probably strain every nerve to achieve, though the Act of Algeciras bulks large in her path, will be a system of preferential tariffs for her goods.

5. I am sending copies of this despatch to His Majesty's Ambassador in Paris and His Majesty's consul-general in Tangier.

I have, &c.
L. H. HURST.

[W 22082/4/28] No. 39.

Mr. Keeling to Mr. Eden.—(*Received December* 10.)

(No. 282.)

Sir, *Tangier, December* 5, 1937.

WITH reference to your despatch No. 183 of the 10th August, 1937, I have the honour to transmit herewith copy of a memorandum by Mr. Goligher, the Director of Finance, regarding the financial position of the zone and the difficulties, due largely to the devaluation of the franc and the continuation of the Spanish Civil War, which have made it impossible to carry out in their entirety the recommendations of the Committee of Experts.

2. In paragraph 5 (*d*) of Mr. Goligher's report it will be seen that he proposes to treat the recommendations of the financial experts regarding new and increased taxation as distinct from the ordinary budget of the zone for the next year. Mr. Goligher and the Administrator have intentionally, as a matter of tactics, kept public attention directed rather towards the apparent difficulties of balancing the 1937 budget until a few days ago, when he informed the Finance Committee that he intended to propose the financial experts' proposals in their entirety for next year. The news caused consternation here. Everyone had always known for long that these proposals had been made, but they had been regarded rather in the nature of a bad dream which would never really come true. The usual Tangier lobbying and intriguing is now in full force, and, according to latest information, the French members of the Assembly and their protégés, together with the Spaniards (which will give them the majority), will vote for the taxes as a whole (though I must add the proviso that my Italian colleague has just telephoned to me with glee to tell me he understands there is some rift in their agreement). The French delegates are well disciplined and, as a rule, obey the orders of Rabat. The position is not so easy with the British delegates. Though at the time of the experts' visit they took up rather a retiring position, they have never made any pretence that they liked the idea of taxation, even under the then prevailing circumstances, which they maintain have changed since. They argue that the 1938 budget has in its essentials been balanced with the present resources, and they adopt the line that new taxes are really part of a successful French intrigue to assimilate Tangier in some degree to the régime of the protectorate, which they maintain, if successful, would place the International Zone in an inferior position and in some way make its existence as a separate entity impossible. They argue, further, that negotiations have been in progress upon the question of the liquidation of the Tobacco Monopoly and that of the share payable to the Tangier Zone upon the profits of the Shereefian Government from the Bank of Morocco, and that these have been calculated at the figure of about 2,500,000 fr. for Tangier. They consider this computation to be upon a very low scale, but claim that the revenue will be

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increased by this amount. No enthusiasm is felt for the desire of the Administration to increase the Reserve Fund from the proceeds of fresh taxation, especially for the provision of new public works, knowing from past experience that many of these may be carried out for the satisfaction of private rather than public interests. Finally, though the principle of the imposition of the "impôt des patentes" is accepted by the members of the Assembly, always allowing for a strong feeling by the individual against imposing taxation upon himself, fears are felt by many that the methods of assessment may become "inquisitorial," leading not only—especially in a small place like Tangier—to the giving away to third parties of a firm's business methods, &c., but to the driving away of capital by a lessening in the increasing number of companies now being registered under the Tangier laws. On the other hand, the delegates are aware that the Shereefian authorities have repeatedly stated that they would continue assisting the International Administration, but that Tangier must begin to help themselves. This they realise calls for some effort by themselves, but they live in the hope that it need not be a large one, and that Franco-Spanish rivalry will always secure the necessary financial assistance for the maintenance of the International Zone.

3. My Italian colleague, who has recently returned from leave, evidently intends to be as tiresome as possible over this question. He came to see me yesterday, and in the course of an hour's interview expatiated on the disastrous effects which the experts' taxation proposals would be bound to produce on Tangier. He said he had again gone over the whole question in Rome with the Italian expert and the officials at the Ministry for Foreign Affairs, and they had come to the conclusion that the recommendations of the Experts' Committee had been a great mistake, and that they had all been taken in by the cunning of the French expert, who was a man of superior calibre and had been able eventually to twist the other delegates around his finger. The gist of Signor Rossi's arguments, which were not very clear, always came back to the same thing, viz., that these proposals were in some obscure way a wedge which the French influence was driving into the International Zone. I enquired whether one was to understand that he was opposed to any form of taxation. He replied "No," that he would accept certain taxes, including the "droits de consommation," though, again for some unexplained reason, he did not like it, and that he would prefer a tax based on the revaluation of property (this was carefully gone into by the experts and turned down). What it really boiled down to in the end was, as usual, the "impôt des patentes." The Italian Minister is essentially a slippery customer, and one can never tell what he is really up to, and therefore it is impossible to tell whether he proposes to try, if such a thing is possible, seriously to obstruct these taxation measures, or whether he is just trying to make himself important. In this connexion I should mention that he has always considered Tangier a form of degradation after Athens, and that during the earlier part of his career he did everything he could to bring off some sensational *coup* in order to bring him back into the limelight. Unfortunately, he is on very bad terms personally with Signor Bastianini, who was his predecessor at Athens and is now Signor Mussolini's "chef de cabinet," and the latter informed my Dutch colleague last August, when they met at the Parteitag at Nuremberg, that they were not at all enthusiastic at Palazzo Chigi as regards Signor de Rossi's early activities here, which they considered were more likely to bring the Italian Government serious trouble than any concrete advantage. This may account for Signor Rossi's almost suspicious quiet since the beginning of the year, but it is always possible that during his recent visit to Rome he was able to persuade Count Ciano that Italian prestige in Tangier is rather low at present and they ought to make a little more show.

4. I have not availed myself of the suggestion in the last sentence of the second paragraph of your despatch under reference that representations should be addressed to any of the Governments represented on the Committee of Control to authorise their representatives here to co-operate with me, for the reason that, as long as the matter is before the Legislative Assembly, the French and Spanish delegates, providing they hold together (as to which I must repeat, however, in present political conditions one can never be sure), together with a, let us hope, moderately benevolent neutrality of the British delegates, should ensure the passage of these measures through the Assembly. Furthermore, the Italian and Portuguese representatives would have almost certainly got out of

the difficulty by saying, in the case of the latter at any rate quite accurately, that they could not influence their delegates. As regards the eventual subsequent approval of the measures by the Committee of Control, according to the ordinary reading of the statute, which my Dutch colleague, who is president of the Committee of Control, quoted to me this morning when we discussed the question, the Committee of Control is bound to accept these measures unless they are contrary to the statute or to the observance of the régime of economic equality. I should add, however, that my Italian colleague has just telephoned to me that it really does not matter what happens to-morrow in the Finance Committee of the Assembly, as any decision must be ratified by the Committee of Control. I said that I did not see exactly what he meant by this, but it was impossible to continue the conversation. I quote his remark, however, in case when the matter subsequently does come before the Committee of Control he may produce some legal quibble.

5. My Dutch colleague is strongly in favour of the experts' taxation recommendations being carried out, and considers that the situation has in no way sufficiently changed since they were made to justify going back on them now. Besides, he observed cynically, as a result of nearly fifteen years here, if there were some defects in the proposals it did not much matter, as no law was ever completely observed in Tangier. As regards my Portuguese colleague, he will probably oppose all the measures, as he is very closely connected with the important Portuguese Jewish banking firm of the Hassans, who, like the majority of the Jews (including Mr. Abensur, one of the British delegates), are violently opposed to any form of taxation.

6. In the last paragraph of his memorandum Mr. Goligher expresses the opinion that the establishment of a casino here is an important item towards encouraging tourist traffic to Tangier. I understand Sir Cecil Kisch did not attach much importance to this point, but I am personally inclined to agree with Mr. Goligher up to the point that, although the introduction of gambling would not necessarily produce any considerable revenue to the Administration, yet the establishment of a well-run casino would be a definite attraction to foreigners. After over a year's experience here, I am quite convinced that, if Tangier is to hold its own against other resorts, a good deal more must be done to render it attractive for tourists. During the past year my Spanish colleague was frequently requested in the Committee of Control to enquire whether the Spanish Government had changed their views on the subject of gambling in the Tangier Zone, but he has apparently so far been unable to obtain an answer.

7. As I mentioned above, the Administration have been anxious for technical reasons to concentrate public attention on the budget of this year, and at first produced a budget which would have shown a large deficit. The Administrator informed me that this had been in the past a regular habit here, and was done with the idea of allowing the Assembly, what would seem to us, the rather childish pleasure of discovering that they have really more funds at their disposal than was at first suggested. In practice, the current year, after payment of some 450,000 fr. for the cost of living bonus for the "fonctionnaires," will close with a credit of about a million francs.

8. I enclose herewith copy of the original draft budget for 1938,(1) together with a confidential note by Colonel Ellis regarding the preliminary discussions of it in the Finance Committee.(1) Since that time Colonel Ellis has been away from Tangier for the best part of a month, but he is coming to see me to-morrow morning. He is the most influential of the British delegates, and I will speak to him with regard to the view which I think it is obvious that the British delegates should adopt on this question, which they know is endorsed by His Majesty's Government. I must say I am doubtful of obtaining their whole-hearted support, but I hope, as stated above, that we may be able to obtain either their partial agreement, or some form of benevolent neutrality.

9. I am sending copy of this despatch to His Majesty's Ambassador at Paris.

I have, &c.
E. KEELING.

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(1) Not printed.

Enclosure in No. 39.

Administration internationale de la Zone de Tanger.

THE Committee of Experts, in their report of the 7th April, 1937, made certain recommendations :—

1. The reduction of the charges on the port loans.
2. The fixation of a limit to the charges in connexion with the Tangier–Fez Railway.
3. The determination of a different method of dividing the customs receipts with the Spanish Zone.
4. The increase of the French and Spanish contributions to the cost of the customs administration.

5. The increase of the reserve fund by—

(*a*) The surplus of the previous year.
(*b*) The receipt from the Shereefian Government of the share due to the Tangier Zone from the liquidation of the Régie des Tabacs.
(*c*) A subvention from the Shereefian Government arising out of the exceptional profits accruing to the Bank of Morocco from the "frappe de monnaie," and the devaluation of the franc.
(*d*) The passing of legislation imposing fresh taxes and duties.

The political and financial developments which have taken place since their report have, to a large extent, hampered the carrying out of these recommendations.

1. *The Port Loans.*—There are two of these—a Dutch loan of 3,350,000 fl. at 7 per cent., amortisable in twenty-five years, the first half-yearly amortisation payment to take place in the second half-year of 1938; and a Crédit foncier d'Algérie et Tunisie loan of 42 million francs, at 5 per cent., amortisable in sixty years, beginning at the same date as the Dutch loan.

The committee had no observation to make on the second loan, but as regards the Dutch loan, they recommended that as soon as the situation of the money market should permit, steps should be taken to obtain the agreement of the Shereefian Government to the conversion of the loan to one at 5 per cent., amortisable in forty years, commencing in 1938, that Government to meet the difference between the two rates of service. The serious fall in the value of the franc since the committee's report has rendered it inexpedient to proceed with the proposal for the conversion, but negotiations are in progress between the Administration and the Shereefian Government to obtain the latter's agreement to repay to the zone the difference between the two rates of charge, as if that conversion had been effected. It is hoped that a definite agreement to this effect will be approved before the end of the current year, and, if so, the result will be to diminish the charge against the zone by 79,500 fl. during 1938, and by 92,300 fl. each subsequent year for twenty-four and a half years.

2. *The Tangier–Fez Railway.*—No action has been possible to put the charges in respect of this railway on a definite basis, or to effect the adjustments in respect of balances outstanding since 1928, on account of the continuance of the Spanish War. At the same time, it appeared probable that the sum provided in the budget and accepted by the committee is in excess of requirements, and it is proposed to reduce this amount for 1938 by 125,000 fr.

3. No modification in the arrangements in respect of the method of dividing the customs receipts with the Spanish Zone is yet possible on account of the political situation.

4. The proposal to increase the contributions of the French and Spanish Zones towards the cost of the customs administration was dependent on measures to be taken to strengthen the protection system on the frontier, but as the state of the finances of the zone has not up to the present admitted of this extra expense, this proposal of the experts has been temporarily postponed.

5. *Increase of the Reserve Fund.*—This fund was increased by the handing over of the balance of the "Fonds de prévoyance" to the total of about 5½ million francs, but owing to the complete default of the Spanish Government in its contributions and to heavy unforeseen expenses, notably for new works

found necessary and for the payment to the port of the cost of repairing severe damage done to the mole by a storm, as well as to meet additional expenses arising out of the increased cost of supplies, materials and labour, and the necessity to grant a temporary increase of remuneration to the personnel of the administration on account of the increased cost of life, the balance of 5½ million has suffered a heavy diminution.

As regards the subsidiary points mentioned in the résumé of the committee's report given at the beginning of this note, the following observations emerge :—

(*a*) There was a deficit from 1936 and not a surplus.
(*b*) The question of the payment by the Shereefian Government in respect of the liquidation of the Tobacco Monopoly has not yet been settled, but negotiations are in progress between the Administration and that Government to effect a settlement of this matter before the end of the current year.
(*c*) As regards the profits accruing to the Shereefian Government from the Bank of Morocco, the position is similar to that at (*b*) above, but the settlement may not take place until early next year.
(*d*) The question as to the imposition of all or a portion of the taxes and duties proposed by the Committee of Experts will be raised by me before the Finance Commission of the Legislative Assembly during the next few days. Before raising it, it has been found necessary to draw up the ordinary budget, and as this budget will, if passed, show a slight surplus, the imposition of new taxes will be urged in order to provide the necessary funds for new works services necessary for the improvement of the amenities of the zone and for the strengthening of the reserve fund. As a corollary the suggestion of the committee on the subject of increased personnel will then be considered, but, at present, I am not convinced of the necessity or desirability of the appointment of an inspector to assist myself.

Finally, I propose once more to urge the Legislative Assembly to press the Committee of Control to give their consent to the setting up of a casino. The necessity for this increases in view of the undeserved attacks made by the English press, among others, on the zone, and the open opposition by certain tourist agencies to the encouragement of the tourist traffic.

H. G. GOLIGHER,
Director of Finance.

November 27, 1937.